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CANADA AND THE FAR EAST

By E. Stuart Kirby

The extent of Canada's interest and concern in Far Eastern affairs is not generally realised. In Canada the degree of "awareness" of the Far East and its problems has, since the Japanese War, probably been not less than that prevailing in America. High political leaders, early this year, authoritatively expressed the country's major interest in the Far East; in February, the Canadian Secretary of State for External Affairs, reporting to Parliament on the Colombo Conference, stressed the shift of "the centre of gravity in international affairs" to the Far East, and the need for looking at world problems from the Asian, as well as the Western, point of view. Subsequently, Canada has participated fully in the U.N. actions on the Korean issue, which actions were fully supported by public opinion in Canada. The attitude of concern in, and involvement with, Asian affairs, is not confined to the political leadership, but is shared by all the main sections of the community.

During the War, Canada gave to China arms and supplies to a total value of nearly \$27 million. (Figures below are in gold dollars throughout). After the War, Canada participated in UNRRA allocations to China, to the extent of \$20 million; some 10% of all the equipment destined, under UNRRA, for industrial rehabilitation in China, was contributed by Canada. Early in 1946 a loan of \$60 million was agreed by the Canadian government. \$34 million of this was solely for civilian reconstruction needs. (The remainder was mainly for supplies which might be classified as of a military nature; but not entirely—including, for instance, nine merchant ships). In addition, more than \$1 million was raised for social work in China, by public subscriptions. Long term commercial credits were also arranged and supported by the Canadian government: one main item under this heading is the nine modern river steamers of the Man Sang Co., well known to Hongkong people.

Under the heading of economic assistance alone, therefore, Canada's

postwar support to China has been massive. The total of over \$100 million (much of it a free gift) bears comparison with the whole figure of economic "aid" (all in the form of a loan at interest) promised to China by Russia. This example serves to illustrate how narrow a basis for China's development is being laid by the Communist regime, which restricts China's international collaboration to the scale given by Russia. In a neutral political relationship, this scale could be matched (as the above figures show) by Canada alone—Canada is only one, and not the biggest, of the Western countries concerned.

About the matter of "Aid" in particular, and international economic planning in general, there is a tendency to think too exclusively of the United States as the sole source of supply, and of the American type of initiative, and American style technical specifications, as the only ones in question. The British Commonwealth is now preparing a great Development-Assistance Scheme of its own which, it is already apparent, bids fair to give a striking example of the sort of contribution which can be made by other nations, if only the prospective recipients are willing to collaborate.

In the British approach to Asia, Canada plays an interesting and significant part. So far as sentiment goes, it is worth recalling the noble part played by Canadian organisations and individuals in the Orient, in the fields of social, missionary and educational work. It is also notable that Canada is not a colony-holding power, and is relatively free of the physical effects and psychological prejudices arising out of the Old Colonial Era and its present dissolution. Canada took only a limited part in the Pacific war, and is largely free also of the aftermath of that particular set of events. It may additionally be remembered that Canada is a nation which, not so long ago, was itself in a "colonial" position; its political history, in the pre-Domi-

nion period especially (i.e. up to the 1870's) contains an experience of considerable difficulties on that score, though it was free of the turbulence and violence that has afflicted Asia. Finally, it is worth remarking that Canadians have in their own country had significant experience of international adjustment. The differences, political, religious and social, between British and French Canada, the presence of various immigrant groups, the famous, "unarmed frontier" with the United States—all these entitle Canadians to speak as experts on problems of international, cultural and racial adjustment.

These factors help to explain why the Canadian approach to the Far East is so evidently tinged with considerable goodwill and unusual understanding. A good example is perhaps contained in the statement (already referred to above) of Mr. Pearson, Secretary for External Affairs, on his return (in February 1950) from the Colombo Conference. His reflections are in any case worth noting, as a good appreciation of present trends in Asia. Mr. Pearson referred to nationalism as the great driving force in the East today; in 25 years, fifteen Asian states have acquired political independence. But, he stressed, the peoples of Asia are now not content with independence alone, but demand an improved standard of living in addition. The new governments in Asia are making an experiment, crucial in history, by attempting to provide material improvement within the framework of free political institutions. Meanwhile, Communism has succeeded in associating itself with these hopes and desires for material improvement. Its support of these aspirations is however hypocritical; it promises to bring material progress without infringing basic liberties. In reality it has no deep-rooted respect for either a high standard of consumption or the freedom of the individual; the latter, particularly, it is avowedly determined to abolish. On the international plane, however, the graver danger of Communism is that it is capita-

lising on misery and distress, for the main purpose of expanding the domination and control of Russia.

This is a clear statement, and the attitude underlying it is enlightened. In the spirit of this appreciation, Canada has worked conscientiously, in and through the United Nations Organisation. The Canadian government has also worked in and through the framework of the British Commonwealth, as a special influence in matters of Far Eastern concern. Notable in this connection is the Canadian participation in the matter of Japan. Canada's overall position being as indicated above, she joined in the Far Eastern Commission (established by the Moscow Conference at the end of 1945, laying down conventions for the Allied occupation of Japan) not in the spirit of one having vested interests in the Far East, or as one heavily affected by the war—in both these respects her involvement was relatively minor—but as one willing and capable to help in ensuring international security and prosperity and in promoting the emergence of a democratic and peace-loving Japan. The Canadian government has expressed moderate satisfaction with the progress of the occupation of Japan, but has usefully voiced its scepticism as to whether a system of military government supervision, or an imposed political system, can work the necessary revolution in Japanese society and the Japanese outlook.

The Military government in Japan established an Allied Council, as an advisory body. Other Commonwealth countries (Australia, India, New Zealand and the U.K.) are collectively represented on this Council by a single Commonwealth member. Canada refused to join in this system of delegated representation; direct expressions of governmental views were deemed more effective. The direct expressions have firmly opposed any suggestions for a revival of Japan's external or military power; any economic revival of Japan should be, as far as possible, conditional on her progress towards a system of "liberal policies and fair-trading practices", and the internal functioning of democracy.

Mr. St. Laurent (now Prime Minister, then Minister for External Affairs) in a pronouncement in April 1948, stressed the "immediate menace of Communism" in the Far East, but coupled this with an emphatic rejection of any policy of "restoration of Japan's power" in any military sense. Since this pronouncement, awareness of the immediate impact of Communism has greatly increased; but Canadian opinion, official or general, has not wavered at all from its insistence that Japan should not be revived in any "strategic" or military role of her own, and that in general the necessary and urgent way to meet Communism was to promote the economic development of Asian countries. The conclusion of a Japanese peace treaty at an early date, on these conditions, has recently been especially stressed by the Canadian Government. The position has been taken that the disarmament and judiciary functions

of the occupation having now been completed, its prolongation will do more harm than good. The treaty must offer incentives to the Japanese people, ensure that they see clearly that their future progress depends on their following peaceful and democratic courses; it should provide for disarmament, but contain nothing vindictive. Canada's reparations bill against Japan is comparatively small; and the type of reparations which Japan might furnish in kind, in the form of machinery etc, is not that which Canada wants.

Throughout the occupation Canada pressed particularly for the opening of Japan to private trade. This was conceded from the beginning of 1950, but imports are still controlled according to categories and overall balances; the authorities have sought bilateral agreements with individual countries, and have naturally tried to develop "soft currency" sources of supply. Canada has refused bilateral negotiations, insisting on her own multilateral approach to international trade. Canadian comments have shown a particularly clear realisation of the fact that the total or partial closing of China's markets obliges Japan to look increasingly to Southern and South-Eastern Asia, and to have an interest, as serious as that of any Western power, in promoting the economic rehabilitation of that area and its better development in future. A paper of the Canadian Institute of International Affairs, presented to the recent I.P.R. Conference at Lucknow, comments: "A Canadian-Japanese-Southeast Asian trading 'triangle' offers perhaps the best basis for expanding Canadian-Japanese trade. Such a trading system may prove strategically necessary as well. (Otherwise) the historic economic relationship between Japan and Manchuria may yet play an important and dangerous role in Far Eastern politics."

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What of Canada's relations with China? The extent of "aid" from Canada, and the general spirit of goodwill, were mentioned at the beginning of this article. These gestures were not however accompanied by any definite or positive stand of policy. A politically neutral attitude was taken in dealings with the Nationalist (K.M.T.) Government; in Canada there was no such deep cleavage of opinion on the merits or demerits of that Government as arose in the United States, and the general wish was for direct working contact with the Chinese people, rather than a formal government-to-government relation. Recently (October 25, 1950) the Canadian Secretary of State intimated publicly that there was no question but that recognition would be extended to the Communist Government of China as soon as it was clear that the latter accepted the common basis of International Law. He made it fairly plain however that there might be a sting in the latter condition, for he went on to explain that the common and reasonable basis of Interna-

tional Law implied that the recognised government must be genuinely free of political control by any other State, and must be in effective control of its territory; further, that territory must be justly defined, and the recognised government must not profess unsatisfied territorial claims (whether explicit or implicit) involving possible conflict with other nations, and therefore containing some direct or indirect threat to international peace. Recognition has been delayed by the fear that the diplomatic move of establishing formal relations, which in themselves should be non-committal, might be falsely interpreted to mean total approval of Communist China's policies and standpoint. The real Canadian motive was similar to that of India; the desire not to forego contacts with the Chinese people, and the belief that Russian aggression was not to be checked by building a wall around China, or by relying on military measures in the adjoining areas.

Canada's course must naturally be heavily influenced by the actions of the United States. Nevertheless, the Dominion would appear to have refrained, almost studiously, from explicit commitment to any steps which were unilaterally American (e.g. no specific endorsement of the U.S. policy on Formosa), and to have made plain its full endorsement of, and preference for, collective measures in and through the United Nations machinery. Plainly, also, it may incline towards consideration of the possibilities of doing business with China, and of the ability of China to free itself from Russian control, in some "Titoist" way. To these latter hopes, the deliberate intervention of the Chinese Communist Armies in Korea, at a moment when the Korean affair was reaching a point of settlement, may in the last few days have dealt a death-blow. This deliberate involvement of China, against the best interests of the country, and to no other purpose than the extension of a conflict which otherwise might by now have come to an end, appears to the rest of the world as the plainest possible proof of the abject subordination of China, regardless of its own interests, to the strategic plans of Russia.

Though Canada's policies must be specially influenced by those of her powerful American neighbour, it is clear that she stands squarely in and with the British Commonwealth; the strange combination of freedom and practicality which the British Commonwealth relation represents, is indeed strikingly illustrated by the case of Canada. As this brief survey may have made clear, there are strong touches of good old-fashioned liberalism in Canadian thought and foreign policy. Such progressive Commonwealth developments as the independence of India, Pakistan, Ceylon, were widely approved in Canada. It may be expected that Canadian concern with the Far East will continue to represent a constructive and liberalising influence, in the affairs of this part of the world.

REPERCUSSIONS OF THE KOREAN WAR ON THE ECONOMY OF THE UNITED STATES

The war in Korea, and the urgent need to build defenses against aggression elsewhere, require in the U.S. a recasting of many plans, programs, and policies. In the area of currencies, the requirement is to combat inflation, resulting from increased armament expenditures, by appropriate fiscal and credit policies. Behind these policies in order to protect what they have, to lessen their personal demands for goods and services.

The intensified inflationary threat came at a time when U.S. trade with Europe and the rest of the world was rapidly moving toward a reasonable balance. This is evident in the shrinkage of the dollar gap, which plagued the Western World during the four postwar years, 1946-49, and which Marshall aid and other programs were designed to cover. Progress has been especially noteworthy since last September, when Great Britain set in motion a much-needed world-wide readjustment of exchange rates. The dollar gap—which takes into account the excess of merchandise exports together with the net income from foreign investments and net earnings from shipping, royalties, and other "services"—had narrowed in the first half of this year to an annual rate of about \$2.8 billion. The greater part of this decline was accounted for by the contraction in U.S. exports from their swollen totals of 1946-48, and a lesser part by gradual expansion in U.S. imports.

Not only has the dollar gap thus been reduced to more manageable proportions, but, except for Marshall Plan Europe and the Far East, it has virtually disappeared. All other areas have by this time either balanced their trade with America or are actually earning more dollars than they are spending in the U.S.

One promising path for the elimination of Western Europe's dollar gap, now running at an annual rate of \$2 billion as compared with almost \$4 billion one year ago, lies in enlarged European trade with overseas raw material producing countries whose dollar earnings are increasing.

Meanwhile, the transactions that go to cover the dollar gap—the ERP and other grants-in-aid programs, private gifts, American direct investments overseas and a limited amount of private credits—have provided more than enough dollars to foreign countries as a whole. This development, together with the fact that most of the newly-mined gold is now being retained abroad, explains how foreign countries were able to replenish their official gold and dollar reserves by over \$2 billion during the nine months period between the September 1949 devaluations and the end of June 1950.

Though the biggest gains have been reported by London, which operates the sterling area's gold and dollar pool, and by Canada and Japan, increases in gold and dollar reserves have also been

reported by South Africa, the Netherlands, Sweden, Western Germany, and a number of Latin American countries. All this helps build up confidence in currencies abroad, improves the basis for private trade credits, and makes possible the easing or abandonment of restrictions on trade and on currency convertibility.

Post-Korean Trade

Expanding U.S. production and trade in the first half of 1950 led to higher prices and to increased demands for imports, while progress with industrial rehabilitation in Europe, better crops, and more competitive prices displaced American goods to some extent in foreign markets. American manufacturers in many cases tended to shift production from foreign to domestic markets, and many foreign traders switched the focus of their attention from export to import opportunities.

The Korean war speeded these shifts. The burst of consumer buying put pressure on U.S. producers and distributors to fill demands of the home market and, with the scheduled gearing up of production for military purposes, required larger imports of materials for which the U.S. must rely in part or wholly on foreign sources. The scheduled speeding up of the U.S. stockpiling program alone should mean an addition of some \$600 million to the imports, running prior to the Korean crisis at the rate of about \$7½ billion a year. As for the bulk commodities not stockpiled, such as coffee, cocoa, sugar, and wool, higher prices are adding several hundred million dollars to the U.S. import bill.

Though the increase in the volume and value of imports is likely to be the greatest in the case of essential raw materials and certain foodstuffs, purchases abroad may be increased also in other categories. An active demand for European steel has appeared and increased interest has been reported in overseas supplies of textiles, artificial textile fibers, plastics and specialized chemicals, tools, machinery, and automobiles.

American exports are being affected by conflicting forces. Heavy demands, both civilian and military, on domestic production presumably are cutting into export capacity in many lines. A broadening of export restrictions—now under way to insure an adequate supply of critical and strategic materials—acts directly to cut down exports. Export controls have already been extended to include cotton and steel products. Those over copper, zinc, and other strategic metals have been tightened.

On the other hand, export figures also have some strong supporting factors, chiefly higher prices, "war-scare" buying and easing of import restrictions abroad. The expectation that future supplies may be cut down by the defense program has spurred many foreign customers to increase orders

for automobiles, tractors, machinery, tools, electrical appliances, and chemicals. Greater liberality in the granting of import permits, in the case of Latin American and the sterling area countries, may have been due partly to this consideration and partly to their heavier dollar earnings and increased currency reserves. On the whole, the export outlook for the remainder of 1950 would appear to be for well-sustained volume.

Post-Korean Financial Developments

While the third-quarter's statistical record is incomplete, indications are that the dollar gap, on trade and service account, has been practically closed since the outbreak of Korean fighting. In other words, the bulk of the dollars made available abroad during the past three months by U.S. Government aid and loan programs has gone into the rebuilding of the gold and dollar reserves of foreign countries. This is not all. Dollars have also gone abroad as a result of some capital outflow, made up of such diverse elements as overseas investments by American companies, foreign loans by American banks, repatriation of capital by foreign individuals, and speculation on possible revaluations upward of certain foreign currencies including the Canadian dollar, the Australian pound, the Mexican peso, and the pound sterling. Fears of spiralling inflation and successive tax increases in the United States have played some intangible part in the capital movement.

All these factors entered into an accelerated rise in foreign gold and dollar reserves during the third quarter. By now, twelve months after the September, 1949 currency revaluations, the building up of foreign gold and dollar reserves probably has reached \$3 billion. This means a recovery of about two-fifths of the gold and dollar assets liquidated by foreigners during the first three postwar years. Of this recovery, something over a half billion was accounted for by new gold production which has been accumulated in reserves abroad. Of the gain in holdings of dollars, \$1.1 billion was converted into gold and the rest allowed to build up in dollar deposits or short-term dollar investments.

The greater part of the conversions of dollars into gold has occurred since the outbreak of the Korean crisis. From June 30 to September 27 the U.S. gold stock declined \$757 million, a matter of 3 per cent. It is characteristic of the present international situation that very little of this gold was shipped abroad. Most of it is stored at Federal Reserve Banks, earmarked for various foreign accounts. Earmarked gold holdings in America as a result have been built up to an unprecedented level above \$5 billion. Though foreign countries may prefer to keep a larger proportion of their resources in gold, they apparently still prefer to keep their gold in America.

WAR OR PEACE IN KOREA

The origin of the current conflict in Korea must be traced to the agreement made by the US and USSR at the termination of world war II when the status of liberated Korea was decided; rather than impose UN trusteeship over Korea for a limited period of years—as should also have been done with regard to Formosa—the country, arbitrarily cut at the 38th parallel, was handed over in part to the US and in part to the Soviet Union, with the mandate to prepare the population for self-government at the earliest possible date. But due to world-wide differences of opinion about what system of government was to be predominant in the postwar era, the two principal powers could not see eye to eye in their policy in Korea, transforming that country into yet another testing ground for political and, eventually, military manoeuvring. As the Koreans were getting impatient and at last even desperate about the artificial separation of their country into two parts and suffering from the ill-effects, economically and culturally, the Americans pulled out, leaving behind them a weak and rather unpopular Korean government, but the Soviets, following the general communist program of creating "people's governments" in every USSR-adjointing territory, created and supplied a well-organised communist government and military before terminating their occupation of North Korea.

The North Korean communists were quickly finding that the hopes of the people, north and south of that fateful parallel, for unification of the nation were a force to be exploited and with characteristic energy and boldness they set themselves to achieve that goal by force of arms. The South Korean government was weak—as was to be expected from a heterogeneous set-up of landowners and other so-called reactionaries, a small merchant class, a politically slumbering intelligentsia—and had no adequate defence force; communist propaganda had been seeping deeply into the fibre of the newly established Republic and the government at Seoul could not repose much trust into many of the state's leading ministers and commanding officers. When finally the North Korean army struck it met with little resistance on the part of the army of South Korea and would have terminated the whole campaign ("a civil war for the unification of the nation") within a few weeks but for the intervention of the US forces who later became the vanguard of the UN "police action".

America was bound to resist the communist aggression—aggression it was though it was cloaked as a civil war and was propagandised as a people's campaign for the achievement of the great goal of national unification. For reasons connected with the defence of the Pacific and in order to contain Russian communism within the borders as of mid-1950, the US had to try to

stem the North Korean advance and turn it, if possible, into a retreat and a defeat of international communism. There was no doubt that the Korean war was planned, organised and directed by Moscow without whose sanction nothing moves in communist countries. That Moscow decided for action at the end of last June coincided with the counsels from Pyongyang where it was considered a most opportune moment to strike against Seoul—and subsequent military developments have justified the opinion of Pyongyang. The miscalculation was made with America; it was believed that the US would put up some token resistance but eventually would leave the South to its fate, that it would not stubbornly try to prevent the "liberation" of the South and the unification of Korea under one communist regime.

Korea pays a very high price for unification; the country has been devastated in the course of over 5 months' fighting and more destruction of a relatively poor country is still to be faced. The responsibility for this national disaster must be borne by the communists—ultimately by Moscow. They have not foreseen that America would fight, that UN majority would declare against the North Korean aggression and would take forceful action to restrain the communists from unifying Korea in their own way.

When the UN command had assembled an adequate force, after allowing themselves to be compressed in the Pusan corner and running the risk of getting thrown out of Korea altogether, a counteroffensive was started and with the Inchon landing turning out a spectacular success the North Korean army was decimated and the 38th parallel was quickly left behind by the victorious UN armies. A new situation arose with the Peking government making good its threat of intervention by sending "volunteers" over the Manchurian/Korean border; several armies, dozens of divisions, were dispatched by the Chinese red army to drive back the UN forces and to reestablish the North Korean govt in Pyongyang. Overwhelmed, the UN "police action" could not but turn back and ask for new instructions.

The Korean war has terminated some time ago when the so-called Korean People's army was, for all practical purposes, cut down and no longer could offer resistance while UN military contingents had reached the Korean/Chinese border and were preparing to occupy the last portion of territory still held by North Koreans with the aid of the Chinese Reds. Then and there the full onslaught of the Chinese Red army began and it succeeded to roll back the UN forces.

Peking has not bluffed, it meant business, and it is now up to the UN to either meet this challenge

or to tackle the two issues, viz. government of Korea and intervention of communist China, in a different manner. Moscow has decided to risk a major war in the Far East rather than permit the loss of Korea and the loss of international prestige. In the knowledge that the European members of the Atlantic pact are frightened by the mere thought of a clash with the USSR, seeing that they are as yet far from being prepared to resist the possible attack of the Soviet army, Moscow dared to command its Chinese ally to march its troops into Korea and to try to defeat the UN forces there. The US and its allies are faced with the alternative of fighting communist China or to negotiate peace terms for Korea; since the start of a war against China, or better say meeting Peking's challenge on the battlefield and behind the battlefield, may result in the outbreak of world war III, the counsels of moderation seem to have prevailed and another though small-scale "Munich" is now in the making. The Moscow strategy may thus succeed. For communism the "peaceful" settlement of the Korean problem would be tantamount to a victory over the UN, that means that vast majority of nations in the UN who have denounced North Korean aggression and have combined in action to defeat it.

The UN supreme commander has, here and there, been accused, now when the communist Chinese armies streamed into action, to have proceeded with little regard for the future when he ordered his troops to advance across the 38th parallel and right up to the Sino-Korean border; but such recriminations, apart from being entirely groundless, only reveal a strong sense of frustration on the part of the accusers. In fact, the UN command has done its very best to bring the Korean war to its conclusion and it has achieved this task—when the Chinese communist armies entered and foiled the UN's first international "police action." Out of the Korean war has developed a new war, an undeclared war of Red China against the UN. This is the issue before the world and nothing else. Red China, that means the USSR and all its satellites vs. the US and its many though wavering and undecided allies who have declared themselves, in the UN, opposed to the aggression committed by the North Korean communists against the Republic of (South) Korea.

A so-called peaceful settlement of the Korean war appears now possible and time again will have been gained—time for either fighting out the greater issue of communist world-dictatorship against progressive democracy or for attempting a real and lasting settlement of the supernatural conflict thus enabling this and the next generation to live useful and secure lives.

THE FORMOSAN PROBLEM

There are three groups of Formosans who must be considered in any future question of deciding the national future of the island: the communists, the Chinese nationalists and the emancipationists. The Formosan communists are estimated to have secured larger public support when the KMT regime was defeated on the Chinese mainland; they have agitated against the KMT when that regime started to topple and when the oppression and exploitation of the Chinese officials and carpet-baggers became almost unbearable. The communists took advantage of the February 28, 1947 'incident' (massacre of Formosans by the then governor Chen Yi) and encouraged the native population to rise against Chinese (Nanking govt) domination, promising them autonomy. When the Peking government was inaugurated the appeal to Formosans was renewed and they were promised autonomy in their island but were also admonished to rise against the KMT or to help the communist armies when they started with the invasion.

Under Peking's and the CCP's sponsorship a 'Formosan League for Democratic Self-Government' was established, the chairman of which was Miss Hsieh Hsueh-hung (known by her maiden name but actually a married woman of over 50 years). Miss Hsieh is a prominent member of the CCP, she is vice-chairman of the communist Youth Federation and a member of the East China political and military council. The number of Formosan communists around Miss Hsieh is small, not more than 20 though there are in all China (largely Shanghai and Peking) some 4000 Formosans. One of the most active Formosan communists is Chiang Shih-ching who managed to make himself the secretary of the Hongkong Formosan residents' association (which comprises around 400 men and women, mostly politically disinterested traders). Chiang got himself into trouble in Hongkong for his blatant communist agitation and his communication pipe line between Taiwan and China via Hongkong. His deportation from Hongkong is now considered.

The KMT loyal Formosans have their headquarters in Taipei and their head is Hwang Chao-ching (chairman of Taiwan Provincial Council, the "parliament" of Taiwan) who has only a small following. Hwang is described as a 'puppet' of the KMT govt and the men around him are opportunists. It is difficult to imagine that any Formosans would submit to 'alien Chinese' rule; in fact, the desire for self-rule is island-wide.

The third group in Formosa is organized as the 'Formosan League for Re-emancipation' with headquarters in Hongkong and Tokyo. The Liao brothers are its most energetic promoters. The League otherwise known as the "Free Formosans' Movement" demands the holding of a plebiscite prior to the consideration of the political future of the island and the members of the League are hopeful that some 70% of the population will decide in favour of

unconditional independence, the establishment of a national government and close cooperation with the UN whose responsibility it would be to guarantee the inviolability of the new nation.

There are over 6 million Formosans (but at present there are in Taiwan about one million more mainland Chinese, mostly in the army, government and to a smaller extent in 'carpet-bagging') and outside the island live an estimated 40,000 in Japan and 4000 in China. Among the Formosans in Japan there is much political agitation going on and many violent squabbles have occurred. It is estimated that there are among the Formosans in Japan some 20% in favour of Taiwan accepting communist rule (but obtaining self-government), some 10% in favour of Taiwan remaining loyal to KMT (but securing self-government) and about 70% in favour of independence without any political ties with China.

The hard facts are, for the moment, disheartening for the Formosans except for those who desire the expansion of communist rule all over the Far East. The KMT army is probably 500,000 men strong and represent a better trained force than could have been said of any former army under Gen. Chiang's command. Their morale is now higher as a result of the outbreak of the war in Korea and the possibility of invading the mainland — South China being depleted of troops who have been sent to Manchuria. While some time ago the UN would have taken up discussion of the 'Formosan question' with the view of pressing Gen. Chiang Kai-shek to give more freedom to the native population and agreeing to a scheme of self-government for the Formosans, the aggression committed by the communist Chinese government in Korea has altered the picture entirely. It would be unrealistic now to effect any changes in the situation in Taiwan; as long as the war in Korea lasts and the danger of expansion of this war looms the nationalist Chinese army must be regarded as an ally and treated accordingly. Their base is now Taiwan and from there they may, if Red China involves herself in still larger warfare, start the fight for the reoccupation of the mainland or at least the southern provinces.

The Formosans should if not aid so at least not oppose the Chinese nationalists, and at the same time the government of Chiang Kai-shek may, as already it has done since some time, grant more autonomy to the Formosans. The estimated 20% of communists and communist sympathizers in Taiwan represent some danger but this need not alarm. The attitude of the majority, the so-called Free Formosans, has to be changed — for the time being. Eventual independence may easily be the end of the long struggle of the Formosans and a plebiscite should be held at an opportune moment. This moment seems now far off but it may be nearer than pessimists think; it all depends on the outcome of the war which the Chinese communists have

started — their undeclared war may collapse if the proper action is taken by the UN but it may also lead, if the Russians so wish, to a world conflagration.

Until major issues are solved the minor ones have to wait.

The regime under Generalissimo Chiang is felt by 'Free Formosans' as particularly odious and it is claimed that he no longer can count on support of the people in China. As an alternative to his rule it is suggested that other KMT leaders be put into the leading positions such as Li Tsung-jen, Sun Li-jen and Pai Chung-hsi. Li is regarded as still the most hopeful leader of the 'third force' while Sun, now commanding general of the army in Taiwan, is rather popular with the Formosans, and Pai who is in Taiwan but shorn of his powers may reinvigorate the nationalist army and give new hope to the anti-red resistance in Kwangsi. The fact that Chiang Kai-shek has still a large reservoir of good will among the Chinese cannot be overlooked when jumping to conclusions about the most desirable leadership of non-communist China. During the present period of 'war to the death' he is probably the best choice and he may, as he has done in the past, withdraw from public life and hand over to as yet unknown national leaders once less perilous days dawn upon us.

THE IRON CURTAIN IN CHINA

When the communists took over in Shanghai and later in Canton they did not impose censorship and they even allowed, for a short while, the dissemination of news by foreign agencies. But step by step the iron curtain was lowered until today it is to all intents and purposes fully down. The methods employed by the communist authorities, openly and surreptitiously, have been effective enough to discourage the public to obtain news from abroad by other than the officially permitted means. Newspapers in China today are only publishing what is sanctioned by the Peking propaganda bureau; the clean-up in the Chinese press has been concluded some time ago and there is now fullest uniformity of views and news coverage in the daily papers and all periodicals published in Red China.

The importation of non-Chinese publications is practically impossible; there is no outright ban on English language publications (by which is meant publications of other than communist affiliation) but subscribers are 'persuaded' to discontinue their subscriptions or the security police takes direct action by

seizing copies of foreign periodicals. The 'persuasion' is of the Gestapo type; the victim is visited by 'agents' and informed how bad he has been in the past and that he can only redeem himself by studying hard communist literature, at the same time breaking all contact with the 'imperialist' world. A warning is usually issued before the sinister 'agents' depart.

No bookshop would handle today foreign 'imperialist' publications — fashion, cinema and other nefarious magazines included. There is a full blackout enforced, by these insidious means of 'persuasion,' on the Chinese public and now the pressure is on the listeners of foreign radio stations. Russian and other "people's democratic" edifying literature is strongly promoted especially under the auspices of the Sino-Soviet Friendship Association. There is much terror exercised by the party workers and the ubiquitous secret police — censorship is therefore not necessary and 'new China' can pose as 'democratic' before the naive world.

The reaction of the members of the intelligentsia is as yet weak. They are terrified and cannot summon enough

courage in the face of the persistent visits paid them by the party workers and secret police agents. The consequences of ignoring the warnings are too painful — concentration or labour camp is one of the dreaded destinations of 'imperialistic minded' Chinese. That so many intelligent men and women in China are cut off from the democratic world is felt like mental torture. No wonder then that shortwave radio receptions have become so treasured but the security organs have taken steps to suppress this and in most cities today no radio sets are permitted to be owned which are fitted for shortwave reception. If evidence is collected against a person having listened in to one of the 'imperialist' stations such as the 'Voice of America' extra-legal action is taken.

The control of thought is enforced in every field — lower and higher education, publishing houses, the daily press, radio, foreign publications, the cinema and stage etc. — but it is not done by means of legislating but, more effectively, by extra-legal actions. The communists have contempt for the bourgeois conception of law and order in democratic society but they respect 'direct measures' such as the Russian secret police has perfected.

THE SITUATION IN CANTON

The city of Canton has undergone many changes for the better since the communist regime established itself there but the population is sullen and largely antagonistic, wishing the 'liberation' had never occurred. The improvements are noticeable in the general appearance of streets, in ample supply of food and daily necessities at cheap prices, in clean government and efficient handling of official matters. Previously Canton was a notoriously dirty place but during the current year largely as a result of the authorities' efforts and ruthless prosecution of offenders the heaps of rubbish have been removed, street cleaning is attended to, buses have been repaired, rikshas have been but for a very few driven away from the streets, public health regulations (inoculations, vaccinations) are being enforced in much the same manner as the Japanese military did. Public eating places serve cheap food which is by far better than the poorer classes could afford to buy in the old era; better class restaurants have often closed shop, others carry on without making any profit. Hotels are on the whole losing money as travellers are few and far between but the management always emphasises cleanliness which is in contrast to the previously often unsanitary conditions observed in most if not all hotels in Canton.

Earning power of those in employment is adequate to feed and clothe themselves; state employed people earn little in terms of money but are ade-

quately supplied with food and so-called essential commodities (in lieu of cash). Unemployed people have been sent back to the country or otherwise they have been subjected to compulsory work on roads etc. or sent to North China and Manchuria, frequently as raw recruits. Business men are complaining about the growing impoverishment and they anticipate worse times. Few merchants prosper. The retail trade is particularly poor which is no wonder in a city the population of which is warned not to spend any money on 'unessential' goods and such warnings are made good by the payment policy of the government and its many organisations and corporations; there is probably enough money to cover one's 'essential' expenses but anything which can, by any stretch of the imagination, be termed 'luxury' cannot be purchased. Thus, on the whole living in Canton is depressing and sombre.

The bright point of the new masters' is their uncorrupted conduct of public affairs; bribery is, except on the low levels, unknown and there is politeness and efficiency evident in every office. Red tape and all sort of security screenings are often the despair of the civil population but since these are emergency times it cannot be helped. Travelers find it particularly difficult with the many forms to be filled and the large number of photos to be supplied — but this is after all an inflexion observed in many other countries as well.

Europeans are hardly seen, the traders have left long ago and missionaries

are slowly pulling out. Russians are however frequently met, they usually are on official business (connected with the military) and pass through Canton on their way to 'survey' something in Kwangtung or otherwise tender their 'advise' to their communist brethren. A foreigner wishing to enter Canton today has to apply for a visa at the Canton city government through a Chinese guarantor and before approval is given the security police (gendarmerie) has to check up, and they do much checking which takes them many weeks. The fear of spies and saboteurs is bordering on the hysterical which appears to some extent justified considering the refusal of the population to cooperate with the new authorities and also the underground propaganda carried out by KMT agents. Upon arrival in Canton, foreigners have to report at the central and then at the district police stations and have to fill in forms, answer many questions and supply eight pictures. When leaving Canton similar procedures are the lot of the traveller. In addition security police visits have to be borne. Russians are not subject to these often enervating formalities. Indeed Russians are treated by the Chinese officials with the greatest cordiality and even submission—the fruits of the virulent pro-Russian propaganda carried out under Peking's instructions.

Peking's propaganda has however not achieved any change of heart among the Cantonese. They regard the new masters as conquerors not much unlike they did when the Japanese were ruling. The Japanese army also brought many benefits to the popula-

TINPLATE WASTE WASTERS AND TINMILL BLACKPLATE REJECTS

Recently there has been a spate of denunciations of Hongkong as supplier of Communist China with strategic war materials, and while we doubtless deserve some of the mud flung at us, there are, at the same time, many loose statements and unjust accusations coming from Washington. These reports are likely to jeopardize supplies of the two important raw material items of Tinplate (Waste Wasters) and Tinmill Blackplate (Rejects) essential to local industry.

A certain uninformed accusation of Hongkong commenced with mention of Tinplate but finished with the statement that millions of pounds of Tin (sic Pure Tin Ingots) were involved: this is not only far removed from fact, but also shows a sad lack of knowledge of the composition of a Tinplate. Our Commerce & Industry Department, in their Monthly Trade Returns, gives the clearest description of the commodity, under Item 326(a), viz: "Tinned Plates (tinned sheets)." After all, it is a thin

tion as long as they had not got involved themselves in the war with the US and Britain. The communists in Kwangtung invite this comparison with the Japanese because they rule the province largely with notherners. These Chinese from the north were usually regarded by the Cantonese as 'foreigners' and the differences between the two are striking indeed. They speak two different languages (or dialects) and are physically set apart. Peking does not trust the Cantonese and therefore they sent down, to rule and to 'educate,' notherners who are especially predominant in the military.

The army which is now much reduced as a result of the sending of some 250,000 men to Manchuria is composed of Chinese coming from provinces north of the Yangtse. Soldiers are well clad, a very unusual thing with the Chinese army, and conduct themselves commendably in public. On account of the language difference the public cannot converse with the soldiers. The Cantonese regard the 'conquerors' with either indifference or enmity and there is a strong yearning for deliverance from these "foreigners."

Peking is in a dilemma; on one hand they realise that the native population cannot be ruled by Chinese from other and so very different parts of China but on the other hand they understand that the Cantonese are opposed to the new regime and desire autonomy in their own affairs. Besides, the progress of communist ideological teaching has been discouraging and thus the Peking government must persist in its 'educational' effort unless it is resigned to conferring some sort of provincial autonomy on the traditionally rebellious and stubborn Cantonese.

steel sheet coated with tin, the proportion of Tin forming only a very small part of the finished Tinplate, as shown in the following table:—

TIN CONTENT OF TINPLATES (TINNED STEEL SHEETS)

By the Hot Dipped process:

| per base box | | per short ton of Tinplate |
|--------------|---------|---------------------------|
| 1.50 lb. | or say, | 30 lb. |
| 1.25 " | " | 25 " |

By the Electrolytic process:

| | | |
|----------|---------|-------|
| 0.25 lb. | or say, | 5 lb. |
| 0.50 " | " | 10 " |
| 0.75 " | " | 15 " |

In Terne Plate (By the Hot Dipped process):

| | per short ton of Terne Plate |
|-----------------------|------------------------------|
| 1.00 lb. Tin Alloy or | 20 lb. |
| 3.00 " " " " | 60 " |

As a Terne Plate is practically the same thin steel sheet coated with an alloy of Tin and Lead, the Tin content of the coating amounts to 14% to 22%. Because of the lead content of the coating, Terne Plate must on no account be used where it will come into contact with food products.

An American base box contains 112 sheets 14" x 20" weighing 107 lb. The British base box is 108 lb., but in place of "base box" the word "substance" is used.

Taggers are very thin tinplate, ranging from 55 lb. or less to 85 lb. per base box; the lighter weights being used for hermetically sealing the inside tops of biscuit and cigarette tins, etc.

While most U.S. suppliers now send out most of their Tinplate Waste Wasters (and even Primes & Unassorted) in "skids" of about 2,000 lbs., British manufacturers continue to ship in boxes of 112 sheets. The quantity of Wasters available from Britain is negligible.

Although in Foodcanning it has been the practice to use only Prime Coke Tinplate (hot dipped process), experiments have been going on in the U.S.A. since during World War II and after, in the use of Electrolytic Tinplate (.5 lb. and .75 lb. per base box) for Food Canning purposes, and the prediction is that this latter quality will supplant the Hot Dipped quality in food canning in course of time.

The large Petroleum Companies have their own quotas and special sizes.

For the Colony's Food Canners and Can-Making Factories, the United

Kingdom has been making available, over the years following Liberation, substantial quotas every three months of Primes and Unassorted Tinplate, but so long as plentiful supplies of American Tinplates in Primes, Unassorted and Waste Wasters were obtainable, with the last two grades being cheaper than British, local factories have not been taking full advantage of the British quotas. With the outbreak of the Korean War, however, and the consequent raising of U.S. prices coupled with diminishing offerings, local factories have been rushing to take up their quotas of British Tinplate.

The present position is that the British period four 1950 quota has been booked by importers for the local factories entitled to allocations, but there is no definite news as to whether the material will be shipped or not.

The provisional allocations for Period One, 1951, have also been notified to local factories, but as preliminary enquiries with British suppliers have elicited the information that today's price shows an advance of about 30% over last bookings, users are reticent about committing themselves.

Apart from the above, Tinplate Waste Wasters are used in very much larger quantities for the manufacture of Tin Torches and the outside holders of Vacuum Flasks. This grade of Tinplate is also used locally for kitchen and bakers utensils, toys, novelties, signs and other small tinware. Fortunately for these industries, there are very large stocks here of American Tinplate Waste Wasters, but should new U.S. supplies not be forthcoming over a long period, even these stocks would become depleted, and the situation would then be most difficult. However, the odds are that being accumulations of rejects for which the American industrial economy have no use, supplies should continue to be available for export to Hongkong. What we here should stress is that this material can only be for peacetime uses, and cannot by any stretch of the imagination be considered a strategic war material.

Tinmill Blackplate Rejects, i.e., thin steel sheets which because of surface or other defects, are not considered good enough to be tinned. This material is used principally by the local manufacturers of Enamelled Holloware, and is also utilized by other Works and small workshops for domesticware and other smallware. The large factories are well booked ahead for supplies. Prices, however, have advanced and are continuing to advance, and in some cases U.S. suppliers will only accept orders subject to prices ruling at time of shipment. In the case of these Blackplate Rejects, Hongkong should also continue to receive supplies, as the sheets are too thin to go back economically into American steel furnaces as Scrap even if hydraulically pressed into blocks. Here also we should emphasize that the material can only be used for peacetime purposes.

THE REALTY BUSINESS IN HONGKONG

Long-range investment planning is temporarily out of favour in Hongkong. This tendency is reflected in the decline in real estate business during the current year and in the continual fall in the value of landed properties. There has been a marked reduction in the buying and selling of properties in the realty market, and what little business is done is confined to properties of lesser importance.

The present market conditions form a great contrast to the boom era seen in 1948-49, when the local real estate market attained peak activity mainly as the result of the influx of business interests from Shanghai and other Chinese commercial and industrial centres. Many important deals were then concluded at high prices and building activity was at its height. Hongkong was literally overwhelmed by the large numbers of immigrant enterprises, both Chinese and foreign, and the demand for offices and staff residences was so great that it immediately started the Colony on a feverish building programme.

Those days have now passed and the real estate business of Hongkong has relapsed into a period of comparative quietness. Following a steady decline real estate prices today are from 20 to 50 percent lower than they were a year ago, while sales have reached a stage where they are practically at a standstill. This fall in value, it should be mentioned, involves mainly the properties in Kowloon and the out-of-town areas on the island. Property holdings in the central district where the heart of the city's commercial life is located are not very much affected. In this area desirable properties are holding up their value quite well owing to the continued heavy demand for office space.

Several large buildings are now under construction in the central district, such as the Bank of China and the Alexandra House buildings. When these modern premises are ready to be occupied by tenants the current dearth of offices will perhaps be greatly relieved. The new premises of the Chinese Chamber of Commerce will also shortly be built on a new site in Connaught Road at an estimated cost of \$2,000,000. In Kowloon the largest construction in that district is now being erected at the corner of Nathan Road and Bowring Street. When completed, the 12-storey building will be used as a department store, a hotel and offices.

The present lethargy of the realty market has not caused much surprise among local real estate circles. As a matter of fact, the boom has long passed and the reversal trend has been noted for almost a year, during which time the downward movement of land prices has been progressing slowly. In times of international storm and stress, as at the present, immoveable

properties are always held in less esteem by investors. It is thus not to be wondered that while the real estate market has been slumping, commercial goods have soared in demand and the mountains of stocks which had accumulated since middle of 1949 were depleted after the outbreak of hostilities in Korea. The present problem of merchants is not to find outlets for their stocks but to secure stock replacements under the export restrictions imposed in many countries of the world as well as under continually rising prices.

The present unsettled world political situation is one of the major factors responsible for the stagnancy of the local realty business. The uncertainty of the future is keeping both large and small investors away from the market. Even speculative building for high rentals so active in the past has considerably slowed down as a result of the departure of many people from the Colony and the growing international political tension. Exorbitant "key money" demanded in the past has come down considerably, and in the case of less desirable flats it has almost disappeared. Rentals, however, continue to remain at a high level.

In the first half of this year there was a severe business slump which caused considerable distress and losses to local business and industrial circles. The general expectation of the resumption of normal trade with Shanghai and Canton did not materialise, and the huge stocks of commercial products kept on the island thus lost their outlets. The business development and expansion programmes envisaged by the firms in Hongkong had to be shelved or indefinitely postponed, thus affecting the economic development of the Colony as a whole.

Real estate circles have pointed out that the existing Hongkong Land Regulations are not affording sufficient inducement to property owners. While the exemption of new buildings from rent control encourages construction activities, the subjecting of pre-war buildings to such a control retards real estate transactions and encourages "key money". These restrictions lower the returns on realty investments, usually to around 6 percent per annum, which is not attractive enough for would-be investors. Government and Service requisitioning of land and late payment of rentals on such land are also discouraging investment in landed properties.

Despite the slump in the buying and selling of real estate, the local building trade is remaining very active. There is still an intensive demand for flats and rooms at lower rentals, especially those requiring little or no "key money." The demand for the smaller type of flats up to a maximum monthly rental of \$1,000 is very great and there is no way to satisfy the demand. The

shortage of offices is still keenly felt, due principally to the demolition of several large office buildings in the central district to allow new constructions to be put up. While the lack of offices will be relieved when the new buildings are completed, the need for cheaper flats and residences is expected to continue.

No early relief of the present serious housing shortage is foreseen. Although the population has been slightly falling with the return of many transient residents to the mainland, the local housing facilities are still far from adequate to accommodate the present population of over 2,000,000 people. Most houses in town, particularly those in the poorer districts, are overcrowded, causing a menace to health particularly in the summer months. Another big problem is the large number of squatter huts located in different districts. These shelters are temporary in nature and when they are demolished, the housing shortage will become far more acute than now.

Under present conditions, there is no hope of solving the local housing problem. As long as investors do not find sufficient inducement in putting up new houses, accommodation for workers and for people in the lower income bracket will remain inadequate. Solution, therefore, can be found only in the availability of cheap money and government assistance. Building schemes should be financed with loans from banking houses at low rates of interest and the authorities should accord whatever help possible. Without aid from these two directions, there is no possibility of seeing an early improvement in the housing situation concerning the majority of wage-earners.

Much public interest has been aroused by the recent formation of the Hongkong Model Housing Society, a non-profit-making institution aiming at providing housing accommodation for workers and others of limited means. It has the support of both the Hongkong Government and the Hongkong and Shanghai Banking Corporation. Plans have been completed by the society for the building of 40 houses of 10 flats each to accommodate a total of 2,000 persons. These houses will be erected on King's Road on a piece of land provided by the Government. The cost of the project will amount to \$3,000,000 which will be loaned at a low interest rate by the Hongkong and Shanghai Banking Corporation. When completed the flats will be leased by the society at nominal rents.

It is generally hoped that the activities of the Hongkong Model Housing Society will be steadily extended and that the commendable work started by the sponsors will spread and gain wider support. At the same time it is hoped that the Government would grant greater aid for the construction of inexpensive living quarters for the benefit of the large number of residents who are either unable to build

HONGKONG'S MOTION PICTURE STUDIOS

Hongkong's film studios, one of which being the best equipped motion picture organisation in the Far East (excluding Japan), are struggling to keep their heads above water. Today it is a long cry from the cherished hopes of 1947-48 when this Colony became the centre of the Chinese film industry. Deteriorating conditions in Shanghai caused the producers of Chinese motion pictures to turn their eyes towards Hongkong. There was a migration to Hongkong and several large studios were erected in Kowloon to produce Chinese films with Mandarin dialogue. Along with the producers came the best Chinese stars and the pick of Shanghai's directors and technicians.

The largest of the newly-erected studios was the Yung Hwa Motion Picture Industries Ltd., under the sole management of Lee Tsu-yung, a wealthy Chinese businessman who spared no money in buying the best American equipment and in placing under contract top Chinese stars such as Misses Li Li-hwa, Chow Hsuen and Pai Yang and the best male actors, among whom were Hsu Shih, Tao Chin, Liu Cheung and many others. Today there is however not one famous Chinese star under contract to Yung Hwa and despite reorganisation last August not one picture has been produced for over half a year. This is an indication of the hard times which have befallen the Chinese studios here since the change of government in China.

The causes of the present slump are many. The chief one is the fact that Communist China does not look favourably on Chinese films produced in Hongkong. The large studios whose pictures were widely shown during the Nationalist time, now cannot export their films to China. There has been also some intimidation by the Communists of actors, directors and technicians. Producers were asked to submit to full Communist control.

Among the big companies, the Great Wall Studios are still continuing production and the well-known stars, who formerly were under contract to Yung Hwa, are now acting in their pictures. There has been a leftist trend in recent films and some have therefore been banned in Malaya. Despite regular

schedules, however, these studios are working at a loss and it would appear that bigger markets must be found or production costs further cut down if the organisation is to continue operations.

At Yung Hwa, where several costly pictures were made in the early days, there has been no activity recently, although plans are afoot to resume film-making and to concentrate chiefly on the "South Seas market". This is going to be a difficult job for Lee Tsu-yung as there are no top-ranking stars under contract to the Studios. Then there is the problem of financing the films.

At the present time, three Yung Hwa films have been sent to Europe by the French Pathe organisation. It is likely that these will bring profits. Contracts have also been signed with Japan.

Former Yung Hwa directors, among whom is Richard Poh, have gone into independent production. Poh is working with the Shaw Bros. of Singapore who have distribution rights in Malaya. The average cost of independent productions is about HK\$100,000. They are finished after about four weeks' shooting. Previous Yung Hwa films took over six months to complete and cost well over HK\$500,000 a picture.

Current film making is a precarious business at the best and the signs are not hopeful for the future. Many of the stars have left for China where Russians are spring-cleaning the Chinese film industry.

The Mandarin studios have come to the realisation that the best markets are in Cantonese-speaking areas—Hongkong, Indochina, Burma, Siam and Malaya. Instead of making subtitles for the benefit of Cantonese audiences, a new sound track, entirely in Cantonese, is dubbed on the films. This means extra expense as the top Chinese stars do not speak the dialect and local actors and actresses have to be engaged for the dubbing process. Local Cantonese studios are not beset by the worries of the large Mandarin organisations. Their equipment does not entail a large upkeep and stars are cheaper. Nevertheless, these studios are also facing difficulties and many of them are renting out their premises to independent producers.

* * * *

their own homes or cannot afford to pay high rentals. The economy of Hongkong has grown tremendously during the last few years, and with this there should be a parallel increase in housing.

Despite the slump in real estate business, building activities will continue at a fairly high rate. The present great demand for offices and residences will not be satisfied for a long time to come, and a great many of the old buildings will have to be replaced by new constructions.

If the screen is to be made another medium of political 'reeducation' and the public has no choice, Chinese and Russian pictures will be shown inside the Iron Curtain, but outside free competition prevails and therefore Chinese movies are not capable of making any further headway. What audience they have so far 'thrilled' and gained may, at best, remain their future 'market' but if one is more realistic it is possible to forecast the dying-out of all Chinese movie-making except inside communist China. Large overseas Chinese communities exist in Bangkok, Singapore and to a smaller extent in Manila and Jakarta. These people are not greatly interested in Chinese pictures such as made in Hongkong, the only Chinese movie-making centre outside Red China.

There is however a demand for Chinese films made in Peking; their reputation is not bad since the producers and directors were Russian. What disqualifies them is the tedious and usually infantile propaganda. Nevertheless, if such Red Chinese films would come over the border and be shown here and abroad where Chinese reside, they may score box office successes—for a time.

The local movie star has already, with few exceptions, made his peace with the communists and is willing for a moderate living to depict what heroes and villains there have been invented by the Peking propaganda, cinema department. And that goes also for the technical personnel and even the financiers who are shrewd enough to go where there still remains a chance to make money—as long as the compromise of 'New Democracy' shines.

Eventually, the local movie industry cannot survive on a grand scale. The audience is Chinese and since the communists rule in China and are intolerant of other than their own screen productions, the overseas Chinese remain the 'market'. This 'market' is actually small in spite of the numbers; the modernised overseas Chinese dislikes Chinese productions and has little hope that the bad acting and cheap outfits will improve. American and European pictures dominate and will continue in their leading position.

Fishing Trawlers of Hongkong

Hongkong's fishing trawler companies, representing a comparatively new group of productive enterprises in the Colony, have today arrived at a difficult period in their existence. For some time past, especially after the outbreak of the Korean war, the market prices of practically all major commodities essential to the trade have increased considerably, causing losses through mounting costs of maintenance.

There are at present six trawler companies in Hongkong, all financed by North China with capital varying from HK\$300,000 to over \$1 million. Three other firms have been organised but have not yet started operations. They have delayed purchasing trawlers, due to a change of plans in view of the present unfavourable business situation.

The first fishing trawler enterprise to be established in Hongkong was the Yang Chuan Fishery Co., which began operations in July 1943 with one pair of trawlers. Owing to the loss of one of these vessels in a typhoon in September of that year the company temporarily closed for reorganisation. In April 1949 the reorganisation was completed and the new firm opened under the name of the Modern Fishery and Sea Products Co., Ltd., and still operates one pair of trawlers.

Next to be established was the Kung Yih Fisheries Co., which commenced business in February 1949, being a subsidiary of the Kung Yih Industrial Co. and possessing also one pair of trawlers.

The Great South Fishing Industry Ltd., the Wah Sang Fisheries Co. Ltd. and the Ocean Fishery Co. were all established in July 1949. The Great South Fishing Industry is capitalised at over \$1 million. It owns four pairs of trawlers. The Wah Sang Fisheries Co. has a capital of about \$400,000 and has two pairs of trawlers. The Ocean Fishery Co. is capitalised at \$300,000 and has one pair of trawlers in operation.

The last concern, the Chi Hsiang Fisheries Co. was set up in April 1950, on an estimated capital of over \$200,000. It owns one pair of fishing trawlers which have suspended operations for the present.

The trawlers now used by the local fishing enterprises are admittedly not the most suitable type of fishing vessel. The majority of these are old Japanese wooden ships equipped with the "Hot Bulb" type semi-diesel engines. Displacing 65 to 80 tons, these vessels are mostly over aged and in poor condition. They consume an excessive amount of fuel as the result of engine leakage, which increases the fire hazard.

The only advantage, if it can be called such, that can be claimed for these old Japanese fishing boats is that they are considerably cheaper than the building of new ones would be. The cost of building a pair of ships of identical tonnage in Hongkong would be around \$400,000 while a pair of second-hand Japanese trawlers can be purchased at about half the price.

From the long-range point of view, the old Japanese ships are not economical to operate. Government disapprove of them and have prohibited the further importation of these vessels into the Colony. Meanwhile, Government started a scheme for the development of the local fishing industry. Under this project Government will finance, with part of the Colonial Development Welfare Fund, the building of a pair of modern trawlers which will embrace the best Chinese and European designs. It is hoped that a demonstration of the advantages of the new trawlers will arouse interest among the local fishermen and lead to the gradual modernisation of the fishing fleet in the Colony.

The fishing trawlers of Hongkong operate in pairs over 100 miles out. Each trip normally lasts 12 to 14 days and the average haul is 200 to 300 piculs. It has been suggested that the ships should go out even farther, as did the Japanese trawlers in prewar days when the catch was considerably larger than now and all the surplus fish was preserved by means of refrigeration and either exported or released on the local market.

The costs of operation for the local fishing companies have risen steadily since the beginning of this year. Fishing nets, manila rope, metal products and lubricating oil now cost much more than last year. Further the cost of labour has also increased.

Compared with the former figure of \$175, the price of lubricating oil has risen to \$220 per 53-gallon drum. In the case of fishing nets, which come chiefly from Taiwan and Japan, lack of new arrivals has caused the market price to increase by 100%. There has been, however, no change in the cost of diesel oil, which is still obtainable by fishing companies at the official price.

The combined haulage of the fishing trawlers comprises not more than 10% of all the marine fish brought to the Hongkong fish market. Consequently, the coming of these trawlers is generally not regarded as constituting any threat to the original local fishing industry engaged in by fishing junks and motor junks. The trawlers find their hunting grounds in the ocean while the smaller vessels fish in more shallow waters close to the shore.

The new group of fishing interests can be regarded as supplementary to the indigenous fishermen. It is marking

a contribution to the Hongkong public not only by augmenting the local fish supply, but also by providing the market with an ample supply of marine products throughout the typhoon season when the smaller fishing vessels are unable to go out to sea.

Meanwhile, steady progress is being made by the native group of fishermen, who are gradually modernising their techniques and have already converted 103 small ships into power-driven vessels. These ships are more handy and more economical to operate, and are far more suitable to fishing families. Whereas the larger trawlers require a fortnight to complete a trip, these mechanised junks and boats need only one week and return each time with a catch of from 50 to 100 piculs.

At the Hongkong Marine Office are now registered a total of 107 motor fishing vessels of all types. This figure comprises 91 full diesel engine vessels, including four of the European type, and 16 "Hot Bulb" semi-diesel engine trawlers. The semi-diesel trawlers as well as two others were former Japanese fishing vessels.

The total catch of marine fish recorded for the ten months from January to October this year aggregated 219,243 piculs. For the corresponding period of last year the total was 139,366 piculs, and for the whole year 181,817 piculs. With two brisk months still to come, this year's total catch will greatly exceed that of last year.

Fishing interests have pointed out that fish prices this year have shown a tendency to decline as compared with last year. One of the chief reasons for this falling tendency is the increase in the haulage this year, which has been a factor in influencing fish prices in the local market.

Fish Marketing

All marine fish (fresh water fish are not under any form of control) are sold through the Fish Wholesale Marketing Organisation of Hongkong. Auctions are held daily in Kennedy Town and Shauiwan.

The Fish Wholesale Marketing Organisation collects a commission of 6% for maintenance and for financing various social activities organised for the benefit of fishermen. These activities include among other things the issue of loans and advances, the running of schools for fishermen's children, and the operation of cheap retail stores handling fishermen's requisites. The Organisation also maintains a fleet of lorries which haul fish to the markets and deliver them to the buyers free of charge.

The object behind the establishment of the Fish Wholesale Marketing Organisation is entirely the welfare of fishermen. The Organisation will later on when the fishermen are considered educated enough, be converted into a cooperative society to be managed entirely by the fishermen themselves.

HONGKONG'S GINGER INDUSTRY

History

The cultivation of ginger plant has a long history in China. It originated in the Yellow River Basin way back in the early historic days, when North China enjoyed a subtropical climate and the soil was friendly to this vegetation scientifically known as *Zingiber officinale*, *Rosc.*

On the delta of this mighty river, the early Chinese lived in walled cities, cultivated their fields on the suburban plain and tendered their flocks in the neighbouring meadows. They enjoyed their leisure not only in producing beautiful objects of art, many of which have become the treasures of leading museums today, but also in exploring the gifts of nature from which they prepared the most tasty and appetizing food under the sun.

The early Chinese were a very practical people, and by trial-and-error, they made use of everything within their reach. On the hillside, they found the ginger plant, admired the blossom and enjoyed its rhizome, or underground stem. On account of its hot flavour, it was first tried as a medical herb, and it proved an effective remedy to allay pain, to cure cough, giddiness, vomiting, diarrhoea and headache. For women, after giving birth, ginger boiled in vinegar was a valuable tonic.

Moreover, ginger eliminates unpleasant odour and adds deliciousness to food, and it did not take long for the Chinese to discover that adding a little ginger to vegetable, fish or meat, would produce a more appetizing taste. The discovery caught the fancy of housewives and the use of ginger in culinary art became popular and widespread.

In the sixth century B. C. it was a fashion to have ginger relish served at meals and the disciples of Confucius told the story that the great master refused to have ginger removed from his dining table.

The cultivation of ginger was a profitable enterprise. Plantations sprang up in many localities. Ssu-ma Ch'ien, the Herodotus of China, wrote in the second century B. C. that there were big plantations of ginger which covered an area of no less than a thousand acres each and the wealth of the owner rivalled the feudal lord of one thousand families. North China was then a well-watered agricultural plain, protected by dikes and crossed by canals. The techniques of water control were developed for drainage as well as for irrigation and the prevention of floods. Peace and prosperity prevailed over the land and for centuries the people enjoyed a prosperous life and an enlightened culture.

The scene began to change in the fifth century A. D. when the hordes of the Northern Nomads invaded the cradle of Chinese civilization and plunged the country into chaos. Cities were destroyed, dikes left un-repaired, canals blocked, and floods followed by

famines abounded. Deforestation and erosion stepped in to play their parts, and in a few centuries, the well-vegetated North China Plain was reduced to a semi-arid continent. People migrated southward on a gigantic scale, and the political and economic centres moved away with them.

Topologically China south of the River Yang-tse affords a completely different picture. The green terrain is hilly, and the Chinese adapted themselves by cultivating their fields in terraces that marched up each hill almost to the top and descended on the other side from near the crest, terrace upon terrace in endless succession. It was not until they reached the delta of the Pearl River around the City of Canton, that the ginger cultivators found a suitable plain for their sweetsmelling crop, and ginger plantations and industries began again to flourish and prosper.

Ginger Processing

The process of preserving ginger in syrup and in the crystalline form was soon developed and standardized. The art of turning the hot and bitter rhizomes into a sweet and delicious confectionery was indeed a great invention. For centuries the Chinese have been taking this produce not only for its exquisite taste but also for its vim and pep.

Good things keep no national boundaries, especially good food. Canton, in the Middle Ages was one of the greatest seaports in the world. Its harbour was frequented by ships from the South Seas, India, Persia, Arabia and Europe. Among the precious cargoes they carried back to their homes was the Preserved Ginger.

In England, preserved ginger was first introduced in the days of Queen Victoria. It was wellknown that Her Majesty took great delight in this new confection and she ordered no banquet be served without preserved ginger for dessert. The fashion spread fast and soon the whole Continent of Europe indulged in the ginger habit. To add to the daily consumption, it has become a vogue to make presents of preserved ginger for Christmas.

In the delta of the Pearl River along the South China Coast during sunny summer days, the countryside is covered with a carpet of green ginger plants, their broad lanceolate leaves fluttering in the wind or pattering in the rain. Towards the end of the season, white-purple-lipped flowers clustered on tall, leafless stems begin to raise their heads above a sea of emerald-green, sending a most fragrant aroma for miles around. People strolling along the narrow foot-path in the plantation cannot help wondering if they are travelling in some Fairyland.

Harvest comes in early autumn, between August and October. The rhizomes are mature, but still young and tender. After this month, they will be

old and hard, fiery and stringy, and unsuitable for preserving as a confection.

After harvesting, the ginger rhizomes, packed in large baskets are shipped to the factory where they are cleansed and peeled. The peeled ginger is pickled with brine in large tanks and pressed with heavy stones. This serves as a reservoir of our raw material.

The processing starts when the mash is removed to an open tank of weak vinegar solution and the ginger shrinks and turns itself into a purplish red colour. The mash is then drained and soaked again in running water for at least thirty-six hours and boiled in water for half-an-hour. The cooked ginger is again treated with a diluted mixture of vinegar and rice-water which keeps the material from becoming oxidized and acquiring a dull black surface. The whole process serves to remove the raw and disagreeable taste and odour from the ginger, which is coming up for grading.

Ginger in Commerce

It has been a custom to divide the preserved ginger into three grades, known commercially as the Stem, the Cargo and the Medium Ginger. This has to be done by hand, because the rhizomes do not have a regular shape and no grading machine is sensitive enough for the purpose. Women labourers are employed to peel off the undesired portions rendering it the standard size and shape. The Stem Ginger deserves the most careful handling because it has to be sculptured like a big cherry with pointed poles. This is achieved with a very sharp knife designed for the purpose, and it is worth-while to call your attention to the fact that the yield is no more than twenty percent of the raw material. After grading, each piece of ginger is well pricked with a specially devised fork by the most expert technicians. This they do without touching the ginger with their fingers. Pricking is an important step because it increases the absorbing power during the fermentation coming later on and keeps the ginger miraculously from further shrinkage.

The prepared ginger, after a further soaking in fresh water for two days, is drained and kept in a thin syrup overnight. The mash is cooked for one hour until the ginger takes a reddish golden colour.

At this stage, it is important for the cooked ginger to stand in the hot syrup for two weeks. A very mild fermentation takes place, while the ginger absorbs the syrup gradually and the undesired moisture evaporates into thin air.

A final cooking is administered before packing. This serves not only to render the syrup at an appropriate concentration but also to effect a complete sterilization.

A slight variation in the final cooking may produce a confection of entirely different nature. The ginger and

FORESTRY IN CHINA

China's forest conservation and afforestation programme has started in 1950. Four times as many trees were planted during the spring season as were planted during 1931, the record tree-planting year of recent decades. China needs to have some 30 per cent of its total area made up of well distributed forest lands to help regulate its climate and eliminate floods, drought and other natural calamities. But of China's total area of roughly 933,000,000 hectares, only 50,000,000 hectares, or just over 5 per cent, are forest. Thus the natural calamities take their annual toll of the lives and wealth of the country. Poverty among China's peasantry has added to the problem. Peasants did indiscriminate felling of trees to supplement their livelihood.

Absence of forest is an important factor in floods, droughts, sand storms, soil erosion and other natural disasters. Without enough trees to hold fast the soil along their banks and at their sources, all the rivers, big and small alike, carry away in their waters big quantities of mud and soil. When in flat and low-lying areas, the soil is precipitated, river-beds are silted up and flood menace appears. In 1949, floods affected 8,000,000 hectares of crop land. Drought and sand storms have over the years turned vast areas of the provinces of Sinkiang, Kansu, Ningsia, Suiyuan, Chahar, Inner Mongolia, North Shensi and West Hopei into sand dunes. In Fuku county on the border of North Shensi, some 1,300 hectares of good farmland are damaged every year by sand. Soil erosion adds to the waste of vital wealth. To cite one striking instance: 1,000,000,000 tons of silt are estimated to be carried away every year by the waters of the Yangtse River Basin. This means that each year the waters wash away

fertile soil enough to cover nearly one quarter of a million hectares of land to a depth of one metre.

A nation-wide afforestation programme was published last May when the Government Administration Council issued a directive on forestry work. The 1950 plan calls for:

(1) Enclosing approximately 2,900,000 hectares of forestland for natural propagation; (2) Collecting 1,812,413 kilograms of seeds for sowing and raising seedlings; (3) Raising 492,230,000 seedlings in nurseries; (4) Planting trees on areas totalling 120,000 hectares; (5) Felling 4,057,382 cubic metres of timber; (6) Building 287 kilometres of railways in Manchuria's forested regions to facilitate lumbering operations.

Some 400 million trees was the figure adopted as the target for 1950. Yet in spring of this year this total target for the year was exceeded by 3 per cent. Manchuria achieved the best result. Alongside the tree planting drive, techniques for felling and utilising timber are improved. In Northeast China, 3,870,000 cubic metres of trees had been felled by March of this year ahead of schedule. This year's figure for felled timber was 500,000 cubic metres more than last year's; yet only 98,000 workers engaged in the work, whereas 105,000 were needed last year.

Furthermore, trees were cut 30 centimetres above the ground line this year instead of 70 centimetres as was done last year. This gave a saving of 250,000 cubic metres of timber. Another 50,000 cubic metres

syrup is placed over a very moderate stove at a temperature in which the heat is just enough to evaporate the moisture. The Ginger Master attends the cooking himself, and he smiles with satisfaction as the mass gradually solidifies and part of the sugar crystallizes in the pores of his ware. He empties the ginger into a container and a considerable amount of pure powered sugar is used for coating. This is the Dry Crystallized Ginger.

Preserved Ginger and Crystallized Ginger are ranked among the finest confectioneries of the world. It is altogether fitting and proper that they deserve a beautiful container and therefore every company exerts great effort in assembling the most lovely porcelain jars from the well-known imperial kilns at Chingtechen. The world's most skilful potters contribute their wares of great distinction which give, indeed, additional charm and attraction to the dainty ginger.

FINANCIAL REPORTS

BRITISH OVERSEAS INVESTMENTS

In a Bank of England study of the changes in U.K. overseas investment for each year between 1938 and 1948, the nominal value of U.K. investments abroad is estimated to have fallen from £3,545 million in 1938 to £1,960 million in 1948. While the remaining overseas assets are still substantial, they are more than outweighed by overseas indebtedness incurred during and after the war. The decrease in investments between 1938 and 1948 is summarized below:

| | £ millions | % of 1938 |
|------------------------|------------|-----------|
| Commonwealth countries | | |
| India and Pakistan .. | 319 | 82 |
| Canada .. | 258 | 61 |
| Australia .. | 123 | 24 |
| South Africa .. | 72 | 36 |
| New Zealand .. | 68 | 51 |
| Other .. | 26 | 8 |
| Total .. | 866 | 43 |
| Foreign countries | | |
| Argentina .. | 317 | 86 |
| United States .. | 193 | 72 |
| Brazil .. | 82 | 50 |
| Europe .. | 50 | 23 |
| Mexico .. | 36 | 55 |
| Other .. | 47 | 13 |
| Total .. | 725 | 50 |

All the estimates are of nominal values. The total cash received from disinvestment of £1,585 million was £1,352 million. In some instances, notably for Argentine investments, the market values were substantially below the nominal values.

Most of the disinvestments in the United States and Canada occurred prior to the inception of lend-lease. The repayment of South African gov-

ernment sterling debt had also been completed by the end of 1943. In India the repatriation of the government debt and the U.K. owned railway shares and debentures was not completed until 1944.

The distributed income from U.K. overseas investments was £155 million in 1938 and £116 million in 1948. The decline in income was less than the proportionate decline in total overseas investments because the U.K. overseas holding which were sold were largely fixed interest loans of good quality and therefore paying relatively low interest rates.

There still remained in 1948 some £225 million of overseas investments, mainly in Europe and the Far East, on which no income was being distributed, and £130 million, mainly in South and Central America, on which the return was under one percent.

WAR AND FOREIGN EXCHANGE

Even leading international bankers are now for the first time seriously alarmed at the probability of another war, writes Mr. Guenter Reimann, New York foreign exchange expert, and he continues that he considered the conflict in Korea as the prelude to war with Communist China and Russia. This opinion was not shared by most bankers at that time. But latest developments have shaken the belief of even professional optimists. Several

attempts for peaceful settlements may however still affect world markets. But one fact is outstanding: Whatever compromises are being discussed, the armaments race continues at greater speed and the shift from peace to war economies will continue.

Some practical conclusions should therefore be drawn concerning foreign exchange and dollar values:

- 1) It is unlikely that all countries will be involved in war at the same time. A number of "free market centers" will survive. In many countries of the Western sphere which will be drawn into another war, foreign exchange may be less regimented than during the last war. This applies especially to members of the Sterling bloc.
- 2) In case of war, changes of official or parity rates will be postponed even if actual monetary values decline. However, it is probable that several "adjustments" of rates will still take place during the present "prelude" to a real war conflict. The discrepancies between official and free market rates will again increase. In many cases, it will be unwise, therefore, to withdraw foreign funds unless favorable transfers can be made now. Excessive risks will exist in potential theatres of war.
- 3) Free market gold will become more attractive to many holders of speculative funds, of "hot money" or of "flight capital" than commodity speculation. We shall, therefore, experience a new period of strength for gold prices. More funds will be invested in the ancient and sterile form of capital.
- 4) Currencies of several sterling bloc countries will become stronger than British sterling. London will have to grant more leeway to individual sterling bloc countries

THE UNITED STATES LINES COMPANY IN HONGKONG

The United States Lines Company, with offices at 314 Queen's Building, Hongkong, are Agents for the American Pioneer Line and the Pacific Far East Line, Inc. Fast regular service from Hongkong to New York, San Francisco and other ports on both the Pacific and Atlantic Coasts in the United States and Canada on modern vessels for freight and limited passengers, is handled through this office.

Freight and passenger booking on these same vessels from Hongkong to Japan, Philippines, Straits, Indonesia, Ceylon, India, Pakistan and ports in the Persian Gulf are likewise regularly provided with these fast modern vessels. Transshipment by water and overland rail connections are regularly available to all overland cities in the United States and Canada, as well as to ports in Central and South America.

The United States Lines Company head offices are at One Broadway, New York City, New York, with branch offices throughout the Far East as well as Europe.

The Company owns and operates the ss "AMERICA," the largest, fastest and most luxurious passenger liner built to date in the United States. The Company presently is building a super-

liner, to be named the ss "UNITED STATES", which will represent America's bid for supremacy in the North Atlantic passenger trade.

In addition to the American Pioneer Line serving ports of the Far East from the East Coast of the United States, the United States Lines Company operate additional services with the following lines serving the U.K. and the Continent, from U.S. Atlantic Coast ports:—American France Line, Oriole Line and the American Hampton Roads (Yankee Line).

The Manager in Hongkong is H. A. Ayres.

The Pacific Far East Line, Inc., maintain offices in fourteen American cities, with headquarters in San Francisco.

Pacific Far East Line vessels are well known by the Golden Bear painted on the smoke stack. Vessels of this line operate from Pacific Coast ports of the United States trans-Pacific to principal ports of the Far East, South East Asia and the Middle East, turning around in the Persian Gulf. These vessels also operate via the Panama Canal to principal ports of the Mediterranean. J. W. Harper is Owner's Representative in Hongkong.

of timber were saved as a result of proper utilisation of the crown parts of trees.

The present task for China's forestry improvement is as follows:—

- (1) To open short-term courses on forestry for training more technicians
- (2) To open up virgin forests of the Great Hsing-an Range in Northwest Manchuria in order to give the depleted forests in East Manchuria a rest before they are touched again.
- (3) To launch afforestation and reafforestation programmes.
- (4) To plant forest shelter-belts along the upper reaches of the Yuting River in North Hpei and at the source of the Yellow River in Northwest China.
- (5) To set up special organisations on Hainan Island to protect and conserve the rubber plantations.
- (6) To foster the growing of tung oil trees in Szechuan, Kweichow, Kwangsi, Hunan and Chekiang.

The long term task, is to afford sufficient land to reach and maintain the optimum forest conditions for the country.

in their foreign exchange policies. Much will depend on the result of negotiations for a "Stabilization Loan" for Great Britain. Such a loan will probably soon be seriously discussed in Washington.

- 5) At the end of another war the dollar will not be worth what it was at the beginning of the conflict. But this may be realized only through events which follow another war conflict. As an aftermath of another war, the dollar price for gold will probably have to be raised.

HONGKONG FREE EXCHANGE & GOLD MARKET

Review for the week November 27—December 2:—

GOLD:—Highest & lowest rates per .945 fine tael \$318½—307¾, equiv. to .99 fine tael and oz rates of \$333.66—322.40 and \$277.28—267.93 resp. Cross-rates US\$42¼ high, 41¼ low.

Macao and Canton .99 fine tael prices \$329—318 and \$325—318 resp. Hongkong quotes about \$4 per tael higher.

Highest & lowest gold (.945 fine tael) and US\$ (TT New York) prices:—

| | Gold | | US\$ | |
|----------|--------|------|------|------|
| | high | low | high | low |
| November | | | | |
| 27 | \$311¼ | 307¾ | 648½ | 647 |
| 28 | 313¾ | 311 | 648½ | 646¼ |
| 29 | 315½ | 311½ | 648 | 645½ |
| 30 | 318½ | 314¾ | 647¾ | 647 |
| December | | | | |
| 1 | 317¼ | 314½ | 646½ | 645½ |
| 2 | 316¼ | 314 | 646 | 645¼ |

Interest per tael per day totaled for the week 43 cts. (in favour of sellers) or about 7% p.a. on investment of 'marginal holders' also known as interest hedgers.

Forward contracts concluded 238,000 taels (of .945 fineness) averaging 39,660 per day. Positions taken averaged 113,800 taels daily.

Cash sales totaled 43,840 taels of which amount 31,040 officially listed, 12,800 taels privately arranged. Of the total cash bars turned over about 30,000 taels changed hands among interest

hedgers, 11,500 taels bought by exporters and 2340 taels absorbed by the ornamental trade.

Exports totaled 11,500 taels, shipped to India 2800 taels, Bangkok 3100, and Singapore 5600. Differences paid for exported bars of .99 fineness with certification \$14.60—14.90, and for .97 fine bars without certificate \$6.10—6.20 on top of the price of the .945 fine tael.

Imports: 12,500 taels, mostly from Macao with a small lot from Taiwan. Imports into Macao are proceeding.

The demand for new gold has been steady and therefore the syndicate in Macao which controls, indirectly, the issue of licences decided to raise the unofficial fee for such licences. The official import duty remains Macao \$2 per oz troy but the syndicate charged in the recent past M\$5.50 per oz, making a 'profit' of about \$3.50 per oz. During the last 2 weeks the 'fee' has been raised and amounts now to M\$12 to 14 per oz. (The highest 'fee' was charged in 1949 when almost HK\$30 were extorted by the license-peddling local native bank which was the agent of the Macao syndicate). This 'fee' burdens importers with new cost and accordingly the market has to pay more; it is actually the hoarder who pays the increased cost of newly imported gold and helps thus to swell the fortunes of the men who are in control of the gold import 'business' in Macao.

The current cif Macao price is about US\$41½ per oz while New York brokers offer around 39½. Local crosses were usually above 42, the cross in Macao being slightly lower. The 'fee' (which includes the legal import duty) in Macao amounts now to about US\$2, and to this amount must be added ordinary airfreight charges to Bangkok, thence high freight for charter flying boats to Macao, and the insurance premium. Importers are altogether not waxing rich these days, the so-called syndicate in Macao seeing to it that the big profit remains in their pockets.

Last week's import licences totaled 120,000 ozs, and new contracts entered into aggregated 80,000 ozs.

The market ruled steady in spite of many incentives for higher prices. It looks as if the UN forces in Korea are going to retreat and that a phoney peace with the communists is going to be concluded—to last just as long as the next offensive can be launched, probably against Taiwan. For some time to come there will be peace in the Far East, it may be presumed, and therefore no big hoarding of gold is anticipated. At the same time the hoped-for demand from China has not materialised; although black market trading is active in North and Central China—in Canton it always has remained a feature of the financial markets there—and prices are bullish there is too little real offtake and thus imports are not required. With the looming peace in Korea a return of more stable black market conditions in China may be envisaged and therefore exports to China may be ruled out.

The outlook for the gold price is also steady. The current price and crossrate should rule for some time irrespective of political developments.

US\$:—Highest and lowest prices per US\$100, notes HK\$646¼—643¼, DD 647½—644, TT 648½—645½, equiv. to crossrates of US\$2.467—2.479. Large transactions were done at around US\$ 15.48 per HK\$100.

Sales: US\$2,450,000 of which in TT 1,950,000. The unusually big turnover was the result of local agent of Peking Govt selling over US\$1 million. Gold importers were keen buyers, recipients of overseas Chinese drafts were constant sellers. Merchant demand was weak. There was some hedging in US notes noticed, caused by war fears. In future demand for TT New York may drop as imports from the dollar area should decline following the US Govt ruling on export restrictions to China, Hongkong and Macao. If not for gold imports, the free market TT New York should drop below the Western European crosses for transferable sterling.

SILVER:—Prices per .99 fine tael \$5.37—5.38, dollar coin \$3.37—3.42, twenty cents coins \$2.62. Total tradings 75,000 taels. Imports comprised a lot from Macao (in coins and scrap) and a few lots from Canton, totalling 12,000 taels in weight.

BANK NOTES:—Per one currency unit, in HK\$:—London 16.10—16.19, Australia 12.65—12.93, Canada 6.06—6.10, India 1.18—1.18½, Burma .86—88, Malaya 1.76½—1.77¼, Philippines 1.93½—1.95, Macao 1.07—1.08. Per 100 units, in HK\$:—Indochina, forward 13, cash 12½—12.97½, Indonesia 42—48, Siam 27¼—28. Japanese yen, per 10,000, \$136—143. Taiwan new yuan, \$.56—57 per one.

CHINESE EXCHANGE & FINANCIAL MARKETS

For the week ending December 2 no changes in official rates in communist China were reported. Black markets were active and prices in leading cities ruled firm. There was much concern in Shanghai about developments in Korea; but by the close of the week the feeling gained strength that following the successes of the red Chinese troops the UN forces will withdraw to the 38th parallel and that peace parleys can be instituted. The anti-Peking faction looks crestfallen—they expected growing difficulties for the communists but see now that the outlook for peace, temporary though it may be, is more favorable than the ardent CCP workers depicted. The status quo ante Korean bellum, i.e. before June 25, may be re-established which gives Peking the chance it almost missed to get a crack at Taiwan. But nobody deceives himself about the dangers that lie ahead; the big conflict has been postponed while the combatants continue with their training for the showdown.

Some return of confidence in the Chinese money has been noticed but gold and US\$ hoarding, though on a small scale, continues. The black markets in China quote different rates as demand/supply conditions are dissimilar.

In Tientsin the dealers are taking all precautions as the police are trying to curb black marketeering. Tobacconists, small stores in certain districts are the usual places for transactions in gold and foreign currencies. Last week's prices were PB\$ 2 to 2.4 million per oz of gold (units being one oz each) while US notes sold between PB\$48,000 to 51,000.

In Shanghai many large trading centres exist which are masked by other activities carried on by e.g. import firms, transportation enterprises etc. Many non-Shanghai natives are in this business and have been foiling all attempts by the police to ferret them out. Gold transactions are done in 10 oz units and US\$ business is in 500 units. Last week's rates for business done ranged from PB\$1.75 to 1.95 million per oz of gold and PB\$47,500—49,000 per US\$ (notes)—funds in New York being quoted above the note rate. It requires good connections in Shang-

hai today to take part in black market business. Turnover was heavy throughout the week. For HK notes small interest is evinced; rates were about PB\$ 5500 to 5600 per HK\$1. Crossrates were quoted as follows: gold 38—40, HK\$ for funds in Hongkong (not notes) 5.50—5.60.

In Canton black market business is done traditionally in tea houses, on certain streets, in private residences and in backrooms of various firms. Deliveries are made under usual precautions, business is based on established confidential relations among brokers and big traders and financiers (outsiders and occasional customers have to trust the reliability of brokers). Differences between buying and selling is usually 3—5%. All amounts are being put through, from HK\$5 to a million. Even workers are taking part in 'hoarding'—the Cantonese are still trusting in the stability of the HK\$ and desire to put away some of their savings in this currency especially since the outbreak of the war in Korea and the ensuing crisis in the world at large. Rates of last week were PB\$5500 to 5650 (that is 16—19% higher than official rate of 53—58%, and in Tientsin 60%). Many financial institutions have been taking part in the black markets of South China. Some arrests were reported during the last 2 week in various centres of Kwangtung but the authorities realise that they cannot suppress business in gold and foreign exchange. Gold trading in Canton is on a large scale with rates being quoted in HK\$ and influenced by developments in the free markets of Hongkong and Macao.

Business done in Hongkong: PB\$ remittances with Canton totaled PB\$4800 million at HK\$180½—188 per one million (=PB\$5350—5500 per HK\$1); PB\$ notes sales totaled 760 million at HK\$ 184—190 per one million; HK\$ drafts with Canton totaled HK\$420,000 at rates \$101.20—101.80 in favor of Canton (as Canton was still in need of HK currency for hoarding purposes).

Gold and US\$ business with Shanghai quoted respectively 104—105 and 92½—94½ (per 100 in Shanghai). Gold and US\$ business with Taiwan quoted resp. 81½—83½ and 86—88½ (per 100 in Taiwan). Taiwan yuan were firm and the open market rate slightly improved (from \$.56—57 per one yuan).

Hongkong Stock Exchange

In early trading of last week the market reacted indifferently to the weakness on Wall Street and prices held well. Activity throughout has been small, but rates were lower where changed. Traders anticipated this downward tendency will be rapidly corrected at the first sign of tension, and the closing undertone was steady at lower levels.

Wheelock Marden & Co., Ltd. announced a dividend of \$2 per share, free of tax for year ended \$13.50.

Business reported during the week \$923,632.

| | Closing Price | Sales Shares |
|---------------------------------|---------------|--------------|
| H.K. Govt. 4% Loan \$ 99 | | \$5,000 |
| H.K. Govt. 3½% Loan (1934) | 96 | \$5,000 |
| H.K. Govt. 3½% Loan (1948) | 99 | \$6,000 |
| H.K. Bank | 1320 | 93 |
| Bank of East Asia .. | 110 | 25 |
| Union Insurance ... | 675 | 83 |
| H.K. & C. Steamboats | 13 | 19 |
| Asia Navigation ... | 72½ | 15,000 |
| H.K. Docks | 90½ | 200 |
| Wheelock Marden .. | 24 | 700 |
| H.K. & S. Hotels .. | 7.20 | 1,500 |
| Shanghai Lands ... | 1.30 | 500 |
| H.K. Tramways ... | 12½ | 5,600 |
| China Light (O) .. | 12½ | 15,100 |
| do (N) .. | 8.80 | 1,008 |
| H.K. Electrics | 28 | 3,500 |
| Telephones (O) ... | 10½ | 1,800 |
| do (N) ... | 9½ | 500 |
| Cements | 13¾ | 1,200 |
| Ropes | 14¾ | 200 |
| Dairy Farms (O) .. | 12½ | 8,932 |
| do (N) .. | 11½ | 5,116 |
| Watson | 23 | 1,750 |
| Sinceres | 3.30 | 500 |
| China Entertainment | 14 | 200 |
| Ewo Cotton | 2.70 | 500 |

Hongkong Trade Unions and Employers' Associations

| TRADE UNIONS | | | |
|---|------------------------|--|-----------------------|
| Group of Unions | 30th Sept., 1950 | | Per-centages of Total |
| | Approx. No. of Members | | |
| Agriculture, Forestry, Hunting & Fishing | 1,246 | | .8 |
| Mining & Quarrying | 69 | | .05 |
| Manufacturing | 45,789 | | 31.2 |
| Construction | 8,437 | | 5.7 |
| Electricity, Gas, Water & Sanitary Services | 5,068 | | 3.5 |
| Commerce | 10,718 | | 7.3 |
| Transport, Storage & Distribution .. | 45,910 | | 31.2 |
| Services | 29,703 | | 20.2 |
| Totals | 146,940 | | 100.0 |

| EMPLOYERS' ASSOCIATIONS | | | |
|--|------------------------|--|-----------------------|
| Group of Associations | 30th Sept., 1950 | | Per-centages of Total |
| | Approx. No. of Members | | |
| Manufacturing | 4,789 | | 56.7 |
| Construction | 535 | | 6.3 |
| Commerce | 2,745 | | 32.5 |
| Transport, Storage & Distribution | 106 | | 1.3 |
| Services | 271 | | 3.2 |
| Totals | 8,446 | | 100.0 |

HONGKONG FACTORIES AND INDUSTRIAL LABOUR

TOTAL NUMBERS OF EMPLOYEES IN REGISTERED FACTORIES AND WORKSHOPS

| Industry | September, 1950 | | Industry | September, 1950 | | Industry | September, 1950 | |
|--|---------------------|---------------------|---|---------------------|---------------------|---|---------------------|---------------------|
| | No. of Factories | No. of Employees | | No. of Factories | No. of Employees | | No. of Factories | No. of Employees |
| Mining and Quarrying | | | Printing, Publishing and Allied Industries: | | | Manufacture of Electrical Machinery, Apparatus, appliances & Supplies: | | |
| Coal Mining | — | — | Printing | 238 | 4,490 | Repairs of Radios | 1 | 152 |
| Metal Mining: | | | Newspapers | 11 | 881 | Hand Torches | 27 | 3,042 |
| Iron Ore Mining | 1 | 2,140 | Paper Dyeing | 2 | 96 | Electric Bulbs | 13 | 462 |
| Crude Petroleum and Natural Gas | — | — | Manufacture of Leather & Leather Products, except footwear: | | | Batteries | 9 | 528 |
| Stone Quarrying, Clay and Sand Pits | 1 | 6 | Tanneries | 7 | 202 | Neon Light | 1 | 7 |
| Manufacturing | | | Manufacture of Rubber Products: | | | Manufacture of Transport Equipment: | | |
| Food Manufacturing Industries except Beverage Industries Meat Canning and Preserving | 8 | 71 | Reclaimed Rubber Products | 4 | 49 | Shipbuilding & Repairing | 18 | 7,819 |
| Dairy Products | 8 | 22 | Shoes | 41 | 3,219 | Railway & Tram Construction & Repairing: | | |
| Fruit and Vegetable Canning and Preserving: | | | Manufacture of Chemicals & Chemical Products: | | | Tramways | 1 | 613 |
| Vegetable and Fruit | 9 | 224 | Basic Industrial Chemicals, including Fertilisers: | | | Repair of Motor Vehicles and Cycles: | | |
| Ginger | 8 | 503 | Chemicals | 8 | 115 | Motor Buses | 2 | 699 |
| Vegetable Oils, Soy Sauce and Gourmet Powder .. | 19 | 1,053 | Dyes | 5 | 45 | Lorries and Cars | 1 | 57 |
| Bean Curd | 18 | 254 | Salt | 1 | 4 | Aircraft Repair: | | |
| Flour and Rice Milling | 83 | 346 | Miscellaneous Chemical Products: | | | Aircraft (overhauling) | 2 | 641 |
| Bakeries, Biscuits and Confectionery | 17 | 909 | Firecrackers | 1 | 153 | Miscellaneous Manufacturing Industries: | | |
| Sugar Factories and Refineries | 4 | 56 | Medicines | 13 | 557 | Manufacture of Photographic & optical Goods .. | 2 | 30 |
| Cocoa, Chocolate and Sugar Confectionery | 8 | 164 | Cosmetics | 10 | 211 | Jewellery and Related Articles | 1 | 9 |
| Miscellaneous Food Preparations | 23 | 826 | Soap | 4 | 98 | Musical Instruments: | | |
| Beverage Industries: | | | Paint and Lacquer | 9 | 215 | Gramophone Records .. | 1 | 2 |
| Wine Industries | 4 | 72 | Printing Ink | 2 | 27 | Pianos | 1 | 2 |
| Breweries & Manufacture of Malt | 1 | 162 | Matches | 4 | 1,132 | Industries not elsewhere classified: | | |
| Soft Drink Industries ... | 11 | 816 | Joss Sticks and Mosquito Sticks | 8 | 322 | Toys | 1 | 56 |
| Tobacco Manufactures: | | | Camphor Oil & Powder | 1 | 30 | Pencils | 5 | 147 |
| Cigarettes and Cigars ... | 4 | 1,441 | Glue and Gelatine | 1 | 13 | Abacuses | 1 | 6 |
| Manufacture of Textiles: | | | Bone-grinding | 3 | 30 | Feather sorting and cleaning | 6 | 336 |
| Spinning Weaving and Finishing: | | | Candles | 1 | 20 | Toothbrushes | 5 | 134 |
| Cotton & Silk Spinning | 22 | 7,815 | Manufacture of Products of Petroleum and Coal: | | | Buttons | 14 | 614 |
| Wool Spinning | 2 | 243 | Petroleum Refineries: | | | Ice and Cold Storage .. | 7 | 458 |
| Weaving | 146 | 8,485 | Kerosene Refinery | 1 | 5 | Bakelite Wares | 3 | 163 |
| Finishing | 50 | 1,174 | Manufacture of Non-Metallic Mineral Products, except Products of Petroleum and Coal: | | | Plastic Wares | 8 | 196 |
| Knitting Mills | 222 | 8,030 | Structural Clay Products: | | | Ivory Wares | 1 | 12 |
| Cordage, Rope and Twine Industries | 5 | 283 | Bricks | 4 | 282 | Construction | | |
| Manufacture of Textiles not elsewhere classified | 5 | 62 | Pottery, China and Earthenware | 2 | 143 | Construction: | | |
| Manufacture of Footwear, other than wearing apparel & made-up textile goods: | | | Glass & Glass Products | 81 | 994 | Construction Works | 1 | 180 |
| Manufacture of Footwear, except rubber footwear | 7 | 213 | Cement: | | | Terrazo Works | 2 | 58 |
| Manufacture of Wearing Apparel, except footwear | 44 | 2,047 | Tiles and Blocks | 5 | 123 | Electricity, Gas, Water and Sanitary Services | | |
| Manufacture of Made-up Textile Goods, except wearing apparel | 7 | 232 | Cement Manufacture .. | 1 | 260 | Electricity Gas and Steam: | | |
| Manufacture of Wood and Cork, except furniture: | | | Non-metallic products not elsewhere classified: | | | Electric Light and Power | 4 | 815 |
| Sawmilling | 30 | 419 | Abrasives | 1 | 3 | Gas Manufacture and Distribution | 2 | 413 |
| Cork Manufacturing | 1 | 15 | Gypsum Powder | 2 | 11 | Water & Sanitary Services | | |
| Manufacture of Trunks & Cases | | | Lime-kilns | 7 | 170 | Commerce | | |
| Manufacture of Furniture & Fixtures: | | | Stone Crushing | 8 | 29 | Wholesale & Retail Trade: | | |
| Wooden Furniture | 8 | 140 | Chalk | 1 | 7 | Petroleum Installation .. | 3 | 746 |
| Rattan Furniture | 7 | 334 | Basic Metal Industries: | | | Transport, Storage and Communication | | |
| Manufacture of Paper and Paper Products: | | | Iron and Steel Basic Industries: | | | Transport | 1 | 6 |
| Paper Manufacture | 1 | 12 | Iron Foundry | 18 | 602 | Communications: | | |
| Articles of Pulp, Paper & Paper-board | 9 | 148 | Rolling Mills | 2 | 345 | Cable & Wireless | 1 | 13 |
| | | | Non-ferrous Basic Industries: | | | Telephones | 1 | 615 |
| | | | Refinery of Wolfram .. | 1 | 14 | Services | | |
| | | | Refinery of Manganese .. | 3 | 40 | Recreation Services: | | |
| | | | Manufacture of Metal Products, except Machinery and Transport Equipment: | | | Motion Picture Production | 2 | 43 |
| | | | Tin Cans | 17 | 864 | Personal Services: | | |
| | | | Metal Wares | 131 | 5,259 | Laundries | 39 | 984 |
| | | | Aluminium Wares | 4 | 259 | Total | 1,692 | 87,121 |
| | | | Enamel Wares | 17 | 2,592 | | | |
| | | | Vacuum Flasks | 7 | 763 | | | |
| | | | Electroplating | 24 | 514 | | | |
| | | | Type Foundries | 1 | 19 | | | |
| | | | Manufacture of Machinery, except Electrical Machinery: | | | | | |
| | | | Repair of Machinery | 102 | 2,429 | | | |

SUMMARY OF DISTRIBUTION OF EMPLOYEES IN FACTORIES AND WORKSHOPS

| Industry | Total Employees March 1948 | % of Grand Total | Total Employees September 1950 | % of Grand Total |
|--------------------------------------|----------------------------------|------------------------|--------------------------------------|------------------------|
| Mining and Quarrying | — | — | 2,552 | 2.93 |
| Manufacturing: | | | | |
| Food Manufacturing, except Bever- | | | | |
| ages | 3,030 | 4.99 | 4,428 | 5.08 |
| Beverage Industries | 400 | .66 | 1,050 | 1.21 |
| Tobacco Manufactures | 1,244 | 2.01 | 1,441 | 1.65 |
| Textiles | 13,347 | 22.00 | 26,097 | 29.96 |
| Footwear, other than wearing apparel | 1,316 | 2.18 | 2,497 | 2.87 |
| Wood and Cork, except Furniture .. | 536 | .89 | 625 | .72 |
| Furniture and Fixtures | 309 | .52 | 474 | .54 |
| Paper and Paper Products | 130 | .22 | 160 | .18 |
| Printing, Publishing and Allied In- | | | | |
| dustries | 3,904 | 6.44 | 5,467 | 6.28 |
| Leather and Leather Products, except | | | | |
| footwear | 141 | .23 | 202 | .23 |
| Rubber Products | 5,171 | 8.53 | 3,268 | 3.75 |
| Chemicals and Chemical Products .. | 2,235 | 3.68 | 3,022 | 3.47 |
| Products of Petroleum and Coal .. | 10 | .02 | 8 | .01 |
| Non-metallic Products, except Pro- | | | | |
| ducts of Petroleum and Coal | 1,662 | 2.74 | 2,022 | 2.32 |
| Basic Metal Industries | 966 | 1.59 | 1,101 | 1.26 |
| Metal Products, except machinery .. | 4,982 | 8.21 | 10,270 | 11.79 |
| Machinery, except electrical Machi- | | | | |
| inery | 1,118 | 1.84 | 2,429 | 2.79 |
| Electrical Machinery & Apparatus .. | 3,623 | 5.97 | 4,186 | 4.90 |
| Transport Equipment | 12,949 | 21.35 | 9,829 | 11.28 |
| Miscellaneous Manufacturing Indus- | | | | |
| tries | 1,295 | 2.13 | 2,165 | 2.49 |
| Totals, Manufacturing | 58,348 | 96.20 | 83,293 | 95.61 |
| Construction | 52 | .09 | 238 | .27 |
| Electricity, Gas, Water and Sanitary | | | | |
| Services | 1,348 | 2.22 | 1,228 | 1.41 |
| Commerce | 616 | 1.02 | 746 | .86 |
| Transport, Storage & Communication . | 62 | .10 | 639 | .73 |
| Services | 224 | .37 | 977 | 1.12 |
| Grand Totals | 60,650 | 100.00 | 87,121 | 100.00 |

PRODUCTION OF ELECTRICITY

| | Monthly Average 1947 | Monthly Average 1948 | Monthly Average 1949 | Monthly Average Jan.-Sept., 1950 | Sept., 1950 |
|-------------|----------------------------|----------------------------|----------------------------|---|----------------|
| | Kw. Hrs. | Kw. Hrs. | Kw. Hrs. | Kw. Hrs. | Kw. Hrs. |
| Lighting .. | 3,298,718.00 | 4,346,143.34 | 5,644,242 | 7,125,817 | 7,653,884 |
| Power | 2,489,081.16 | 3,775,142.33 | 5,961,254 | 8,121,470 | 9,083,840 |
| Traction .. | 631,524.50 | 749,802.00 | 805,757 | 785,987 | 1,006,919 |
| Bulk Supply | | | | | |
| Consumers | 2,340,809.42 | 3,570,114.25 | 5,610,309 | 7,573,342 | 8,778,479 |
| Public | | | | | |
| Lighting .. | 71,710.92 | 93,789.33 | 117,171 | 133,970 | 140,590 |
| Total .. | 8,831,844.00 | 12,526,000.25 | 18,138,733 | 23,740,586 | 26,663,712 |

GAS MANUFACTURE & DISTRIBUTION

| | Monthly Average 1947 | Monthly Average 1948 | Monthly Average 1949 | Monthly Average Jan.-Sept., 1950 | Sept., 1950 |
|-----------------|----------------------------|----------------------------|----------------------------|---|----------------|
| | Cubic feet | Cubic feet | Cubic feet | Cubic feet | Cubic feet |
| Domestic) .. | 17,033,392 | 21,975,523 | (28,494,550 | 35,186,300 | 32,438,400 |
| Industrial) .. | | | (1,866,892 | 2,176,578 | 2,286,500 |
| Public Lighting | 1,328,567 | 1,980,183 | 2,414,191 | 2,814,078 | 2,830,200 |
| Total | 18,361,959 | 23,955,708 | 32,775,633 | 40,176,956 | 37,555,100 |

PHILIPPINE ECONOMIC DEVELOPMENTS

The foreign-exchange position of the Philippines showed continued improvement in September, reserves reaching about \$300,000,000 by the end of the month, in contrast to \$269,000,000 at the end of August. Factors contributing to the upward trend included effects of import controls, increased dollar receipts from exports, and delays in processing applications for exchange cover for imports.

Meanwhile, relaxation of controls on prime commodities and raw materials was advocated by business and Government leaders. Both groups justified heavier outlays for such goods primarily on the basis that shortages may develop in the United States and export restrictions would cut off supplies.

Widespread increases in local prices—induced by trade controls, hoarding, and speculation—caused the consumers' retail price index of the Philippine Bureau of Commerce to rise for the ninth consecutive week, scoring the broadest gain since mid-1948. The stock market, reflecting the inflationary trend, also showed gains, with buying of securities especially brisk in the mining field.

In the latter part of September, the President signed a number of bills aimed at augmenting Government revenue, including measures calling for increases in income and excise taxes, certain amusement taxes, and estate, inheritance, and gift taxes. The President also directed liquidation of practically all Government enterprises competing with private business, a step long urged by the business community. Among entities affected are chiefly subsidiaries of the National Development Company, such as the Insular Sugar Refining Corporation, the cotton textile mill, and the lumber mill. Additional Government investment and expenditures, on the other hand, were approved for expansion of the Manila Railroad, rehabilitation of the Manila Gas Corporation, assistance to the Philippine Air Lines, and for shipping.

Crops

Copra prices, stimulated by increased demand resulting from the Korean conflict, rose in September to a high of 44 pesos per 100 kilograms, 47 percent over the price at the end of June. Liftings of copra during August, 81,084 long tons, were the heaviest since January 1948; and shipments of coconut oil, 7,535 long tons, were the second largest since liberation. Surpassed only by record exports of 9,472 tons in June 1949. Desiccated-coconut shipments reached the all-time monthly high of 10,336 short tons.

Abaca prices likewise advanced, and at the end of September Dayao J1 fiber was quoted at 58 pesos per picul, an increase of 18 percent compared

with late June (1 picul=about 139 pounds). Exports of abaca in August totaled 68,534 bales, bringing 1950 shipments to 461,690 bales, 41 percent over exports in the first 8 months of 1949 (1 bale=about 278 pounds).

Tobacco continued to command unusually high prices, Isabela leaf averaging 150 pesos per bale in September, only slightly below the May-June peak (1 bale of tobacco=about 254 pounds). The 1950 tobacco harvest is estimated at 26,000-28,000 metric tons, in contrast to 22,000 metric tons in 1949. Restoration of the industry to its prewar status is believed possible by 1951.

As of September 30, 683,000 short tons of centrifugal sugar had been milled from the 1950 crop, with only two centrals still grinding. Total 1950 output is expected to reach 690,000 tons, 15 percent less than the original forecast and 5 percent less than 1949 production. The 1951 crop is officially forecast at 1,065,000 short tons. Droughts in Visayan sugar areas during the growing season, however, may adversely affect the yield.

No official estimates have been released on the 1951 rice harvest, and the unofficial forecast of 65,000,000 cavans of paddy appear to be over-

optimistic in light of the prolonged flooding of the central Luzon plains, outbreaks of dissident activity, and recent typhoons (1 cavan of paddy=about 95 pounds). Supplies of rice in September were ample, and prices were relatively low and well stabilized.

New Tax Legislation

Amendments to the Philippine National Internal Revenue Code under tax laws enacted during the second special session of Congress in August, and signed by President Quirino, is expected to yield approximately 95,000,000 pesos annually, according to preliminary official estimates.

Included in the 16 revenue measures are Republic Act 588, increasing percentage or sales taxes on luxuries and semiluxuries; Act 589, increasing specific taxes on liquors, tobacco products, firecrackers, and playing cards; and Act 590, raising individual and corporate income-tax rates and providing for withholding of taxes at the source, beginning January 1, 1951. These measures were effective September 22, 1950 and will expire December 31, 1952. The new income-tax rates, however, are retroactive to January 1, 1950.

Sporadic disturbances, including murder, theft, sabotage, and strikes, continue to keep the rural areas in a state of unrest. Loss of agricultural production during the August-September strike in Java and South Sumatra is estimated at more than 200,000,000 rupiahs.

Copra processing and the manufacture of agricultural equipment were included in the four basic types of industry to be given encouragement in the recent statement of policy by the newly formed Indonesian Government, and credit to small-holder farmers for improvement of agriculture, cattle breeding, and fisheries, and to agricultural cooperatives were given first place among Indonesia's agricultural needs.

Finance

Government revenue from taxes, customs, and excise in the first 7 months of 1950 totaled 1,194,000,000 rupiahs, more than double that of the like period of 1949.

A comparison of the weekly balance sheets of the Java Bank for August 30 and September 26 reveals an increase of 90,567,000 rupiahs in the Bank's advances to the Government, now totaling 2,124,887,000 rupiahs, and an increase in currency in circulation of 89,940,000 rupiahs, making the total 2,399,865,000 rupiahs.

The black-market rate for the United States dollar is now quoted around 11.5 to 12 rupiahs, which is practically on a par with the official managed import rate of 11.4 rupiahs.

Rubber Industry

Most significant development in the rubber-products industry of Indonesia in the first half of 1950 were the marked increases in the prices of raw rubber, improvement in the foreign-exchange situation, continued prosperity of the market for rubber products, and increased Indonesian participation.

Market fluctuations in the price of rubber have worked a hardship on many manufacturers because of fixed prices for rubber products and difficulty in obtaining price increases.

The 200 percent import-exchange-certificate program, inaugurated by the Indonesian Government in March 1950, had the desired effect of drastically cutting imports. Coupled with high prices obtained abroad for Indonesian rubber, this program has substantially bolstered the Indonesian foreign-exchange position. Consequently, control authorities recently have been more liberal in allotting foreign exchange for purchases of raw materials abroad, thus easing one of the major problems faced by manufacturers.

An example of the expansion planned by the industry and indicative of the market potential is a new plant,

ECONOMIC DEVELOPMENTS IN INDONESIA

Exports from Indonesia during August totaled 807,664 metric tons valued at US\$85,752,791 (converted at the official rate of 3.8 rupiahs equal US\$1), compared with 856,587 tons valued at US\$70,667,934 during July. Although increases in the export of sugar, coffees, tea, black pepper, copra and copra cake, and tin ore were recorded during August, exports of rubber, tapioca, tobacco, palm oil and kernels, and petroleum declined.

The latest available import statistics are for the months of July, when 271,517 metric tons of commodities valued at US\$41,065,065 were imported. Total exports during the first 7 months of 1950 reached 901,000,000 rupiahs, compared with imports valued at 62,000,000 rupiahs, leaving an export balance of 279,000,000 rupiahs. Importers are still experiencing difficulty in financing purchases under the prevailing foreign-exchange certificate system. In an effort to counteract rumors that the price of foreign-exchange certificates will be reduced, the Foreign Exchange Institute now offers importers risk insurance at one-half of 1 percent per month on the value of the exchange certificate.

The Ministry of Transport has ordered 100 locomotives from a German firm, and 100 passenger coaches and 1,000 freight cars from a Netherlands manufacturer. Importers have been authorized to place orders for 120,000 bicycles, of which 90,000 will come from the Netherlands and 30,000 from England.

An Indian Government-sponsored trade mission visited Indonesia for the purpose of establishing additional trade connections and to draft an informal trade agreement covering an exchange of products valued at 74,000,000 rupiahs during the period from October 1, 1950, to June 30, 1951. India will import such products as palm oil, copra, coconut oil, tapioca, maize, spices, hides, tin, and wood products, while exporting to Indonesia textiles, chemicals, drugs, iron and steel, electrical machinery, and cement.

It is reported that the tripartite trade agreement between Switzerland, Netherlands, and Indonesia, which was to have expired on September 30, 1950, has been extended for another year, subject to ratification by all three governments.

Food and Agriculture

Food conditions continue unsatisfactory, with production at or below prewar levels in the face of a population increase of from 5,000,000 to 10,000,000 since 1935-39.

Although the arrival of the west monsoon rainy season will favorably affect dry-land rice production, the present Java rice crop will satisfy only local needs. Current per capita consumption levels of 90 kilograms annually will be met with the planned imports of 300,000 tons, 150,000 tons of which will come from Burma.

Report from Thailand

During August the Thai Government was engaged in negotiations with the U. S. Embassy on a proposed bilateral agreement covering a rapidly developing economic aid program. This agreement was signed on September 19. These negotiations, together with the departure of a special Thai mission to the United States on August 18 for the purpose of discussing a substantial loan from the International Bank for Reconstruction and Development, foreshadowed an acceleration of internal development projects, which, in turn, promised to expand Thai production of exportable commodities.

Foreign Trade

The traditional flow of commodities across Thai borders into Burma was stopped abruptly by a decision of the Thai Government to close the border to commerce. Hand-made Chinese products continued to trickle southward into Thailand from the Shan States in Burma, but the supply, subject to the delays and hazards of smuggling, decreased appreciably.

Bangkok merchants accelerated their program of forward buying in anticipation of expanding United States and United Kingdom export controls. Importers of chemicals, pharmaceuticals, iron and steel products, and com-

munications equipment were particularly apprehensive.

Having concluded a contract for 45 new Diesel locomotives in June the Government authorized the departure of a special railway mission to inspect the locomotives at the United States factory.

The Thai Government estimated the exportable surplus of rice at 1,300,000 metric tons for the calendar year 1950. This figure is nearly 100,000 tons higher than reported exports in 1949. The condition of the present crop is good, although the main harvest has not yet begun. Abnormal harvest conditions could upset all estimates. The Thai Ministry of Commerce placed total rice exports during the first 6 months of 1950, at 754,320 metric tons, as compared with 721,300 tons during the like period of 1949.

Finance

On August 14 the Parliament approved a supplementary budget act which appropriated 198,518,867 baht (approximately US\$15,800,000) for use during the remainder of the calendar year. The act authorized 8,009,867 baht for ordinary expenditures, 166,900,000 baht for extraordinary noncapital expenditures, and 23,609,000 baht for extraordinary capital expenditures.

more than half completed, on the southern outskirts of Djakarta. This plant, employing 900 workers on a three-shift basis, turns out about 1,000 bicycle tires and tubes per day. Upon its completion, expected in January 1951, the factory plans to produce four times the present output plus an undetermined number of automobile and truck tires.

The principal tire-manufacturing plant at Bogor, 45 miles south of Djakarta, employs 1,200 workers in three shifts, consumes 15 tons of rubber per day, and produces 350 truck tires, 425 passenger-car tires, and 6,000 bicycle tires, plus tubes for each.

The principal shoe factory turned out 710,000 pairs of rubber-soled shoes and sandals in the first half

of 1950. Production figures for all rubber products have not yet been compiled.

To date, only 2 of the 70-odd factories are financed by Indonesians, but indications are that this situation will change in the near future. The Government has announced a policy of reserving licenses for the operation of new latex factories for Indonesians only chiefly because of the small amount of capital needed. Successful operation of such a plant would give the Indonesians needed experience, as well as a chance to build up capital and expand into the manufacturing end of the business. Although large-scale foreign investments are still welcomed, there is little question that the future trend is to give Indonesians an opportunity to participate on a greater scale in rubber manufacturing.

Report from Burma

An ECA agreement between the United States and the Government of Burma was signed on September 13, 1950. No specific projects have thus far been worked out with the Burmese Government, but the areas considered to need economic assistance most acutely include agriculture, communications, mining, public health, and transportation.

Another important September event was the release of the Government's budget estimates for 1950-51. Although the budget is still an austere one, the Government of Burma found it possible to relax some of the extreme economy measures that have been in force, and somewhat larger amounts have been appropriated for the social services. The Finance Minister, in his budget message, repeated his solicitation of last year, inviting the investment of foreign funds in Burma and softening some earlier strictures of the Government against private capital.

As of September 19, Burma Open General License (OGL) No. 1 was amended to delete aluminum utensils from the unrestricted import list. This action was designed to aid the infant Burmese aluminum-utensil industry, which started during the war by using parts from wrecked airplanes. The new import restriction is one of the first overt steps for the protection of domestic industry.

An open general license was issued during the month for the importation of cheap grades of cotton textiles from Japan, free of licensing restriction. This license will be valid until December 31 and supplements an earlier one issued on July 15 and valid until October 31—for the import of similar items from sterling countries. Burma has an agreement with Japan to balance the trade between the two countries insofar as possible. Because of heavy purchases of rice by Japan, it is necessary for Burma to take steps from time to time to encourage imports from that country. Meanwhile large shipments of cotton textiles from India have been entering Burma.

ECONOMIC REVIEW OF JAPAN

PROGRESS IN 1949

The year 1949 witnessed numerous changes in the Japanese economy of which the following may be considered of major importance: (1) Marked development toward economic stabilization through the checking of inflation; (2) increased industrial production, reaching about 82 percent (for mining and manufacturing combined) of the prewar level at the end of the year; (3) improved living conditions; (4) reduction in the control of the distribution and prices of commodities; (5) an overall increase in foreign trade; and (6) the return of foreign trade to more normal conditions.

In December 1948 a nine-point program for economic stabilization was issued and in the spring of 1949 an American mission¹ aided materially in the implementation of the stabilization program by checking inflationary factors in Government finance through the establishment of a balanced budget and reduction in subsidies and the curtailment of deficit loans. To prevent profound deflationary effects, the stabilization plan provided for establishment of a counterpart fund for United States aid from which capital would be loaned to some segments of the economy, and emphasis was placed on the rationalization of business enterprises and the promotion of export trade.

The postwar inflation had begun to weaken in 1948, and with the implementation of the stabilization program the indices of currency circulation, prices, and wages showed a clear trend toward stabilization during 1949. At the end of 1949 the amount of currency in circulation was at the same level as at the end of the preceding year. The gap between official and black-market prices narrowed and the over-all effective price (calculated by balancing the official and black-market prices) remained at about the same level throughout the year. The national average of wages of industrial workers also remained at about the same level throughout 1949.

Industrial production in 1949 rose considerably above the levels of 1948. According to the indexes used by SCAP² over-all manufacturing production rose about 36 percent and over-all mining output increased 15 percent. Based on the 1932-36 average as 100, industrial production in December was at a level of 82.4, with manufacturing at 79.3 and mining at 109.6.

The Japanese people, on the average, fared a little better in 1949 than in 1948, although living conditions were still below those of prewar years. The food situation showed improvement as a result of relatively high domestic

agricultural production, improvement in both quantity and quality of imported foods, and better distribution. As a result there was a small increase in average per capita consumption of food. Textiles also were available in somewhat increased quantities for domestic consumption, although still considerably below the level of prewar years.

The year 1949 brought the decontrol of many segments of the Japanese economy. During the postwar period Japan has suffered from critical shortages of commodities, which has made it necessary to enforce controls over wide fields of economic activities including price and the flow of goods in order to carry out adequate distribution. As production and trade showed substantial recovery, gradually a balance of demand and supply of commodities has been achieved. With this development economic controls are no longer necessary, and after April 1949 various controls began to be removed. By the end of the year many allocation and price controls were removed and this trend has continued into early 1950.

In the field of international trade, 1949 was an eventful year. Japan's trade increased greatly in volume and expanded in direction and, by the end of the year, a partial return to normal commercial trading procedures had been achieved.

Total commodity trade (imports plus exports) amounted to about \$1,411,900,000 as compared with \$941,300,000 in 1948. Exports totaled almost \$511,000,000, an increase from \$258,300,000 in 1948; imports amounted to almost \$901,000,000 compared with \$683,000,000 in 1948.

In April a single commercial rate was established for the yen, a major step toward more normal commerce. The devaluation of the pound sterling in September affected Japanese exports and for some time commercial and Government circles discussed the possible devaluation of the yen. The Government, however, announced that the yen would not be devalued, indicating that with increased rationalization of Japanese industries costs could be reduced to meet the devaluation of currencies. Late in the year official control over trade was greatly alleviated and a basic law for the control of foreign exchange and trade was passed. The negotiation of bilateral trade arrangements with numerous countries helped to expand Japan's trade, the major arrangement negotiated being that concluded with the sterling area in November.

Although Japan's trade increased in 1949 over other postwar years, its trade is only a fraction of that of prewar years and much larger exports are necessary in order to reach a self-supporting status. It is expected, therefore, that Japan's fundamental problems of finding adequate foreign markets will be strongly attacked in 1950. Japan's success in increasing exports will depend to a major degree on increased efficiency in production, in the suitability of its products to export markets,

the assurance of competitive prices, in the improved quality of products, and on active salesmanship.

MANUFACTURING

Japan's manufacturing industries recorded substantial gains in 1949. The over-all index of manufacturing used by SCAP shows manufacturing at 74.2 for the year (1932-36 equals 100), more than one-third above the 1948 average, and more than double the 1947 average. By the end of the year, when four major groups had exceeded 100 percent, the over-all manufacturing index was 79. Increases were registered in output of all groups, with the most marked advances in metals, stone, clay and glass, printing, chemicals, and food, beverages, and tobacco.

The significant increases in manufacturing and the establishment of many postwar production records were primarily the result of greater over-all stability of the economy (particularly in fiscal, price, wage, and monetary aspects), increased imports of raw materials, increased supplies of coal and electric power, improvement in transportation facilities, improved production efficiency, and expansion of foreign markets. Despite the notable gains, export production is still far below the levels necessary to achieve a self-sustaining economy.

Iron and Steel

The iron and steel industry continued to receive high priority from the Japanese Government and SCAP during 1949. Additional blast furnaces were reopened at major plants and a number of steel plants were restored to a higher level of production, and with the aid of United States steel experts, increases in productive efficiency were accomplished.

Output of pig iron reached 1,548,687 metric tons, a 92-percent increase over 1948; crude steel production advanced from 1,713,829 metric tons in 1948 to 3,111,412 in 1949; and 2,220,188 metric tons of finished steel were produced in 1949, a 76-percent rise compared with the preceding year.

Machinery, Vehicles and Ships

The greater availability of iron and steel made possible material increases in production of industrial machinery, motor vehicles, bicycles, and other metal products. Some sections of the machinery industry, particularly railway and industrial rolling stock, however, were maintained only at the 1948 level, reportedly because of financial and other difficulties of the firms during part of the year.

The index of machinery production in 1949 averaged about 115 percent of the 1932-36 average, an increase of approximately 17 percent over the 1943 level. The most substantial increases were recorded in production of vehicles, with the output of small passenger cars and small trucks showing gains of 167 percent and 122 percent, respectively, over 1948. Marked improvement was also made during 1949 in the production of bicycles (139 percent above produc-

¹ This mission, which was headed by Joseph Dodge, is frequently referred to as the "Dodge Mission."

² SCAP is used in this report to refer to General MacArthur, the Supreme Commander for the Allied Powers, or, as indicated by the context, his staff or section thereof.

tion of the preceding year); chemical plant machinery and equipment, which totaled 42,139 metric tons, an increase of 52 percent over 1948; sewing machines (274,523 units, 66 percent above 1948 output, with export production totaling 134,079 units, a fourfold gain compared with 1948); and metal farming machinery, which in 1949 increased 34 percent by weight compared with 1948. More modest gains in other sections of the industry, principally in the manufacture of textile machinery and rolling stock, limited the magnitude of the over-all rise in the machinery index.

The machinery production gains were accompanied by important advances in both export production and actual exports of these products as compared with 1948. Export production of textile machinery, an important segment of the Japanese machinery industry, rose very strongly. Significant shipments of passenger cars, baggage cars, locomotives, and other types of rolling stock were made to various countries in the Far East, particularly the Philippines and Thailand.

The rise in machinery production, especially of engines, turbines, generators, and other electrical equipment for power production, made possible the rehabilitation of existing power plants and some expansion of plant. The general expansion in machinery output also contributed to increased production and to improved quality of product for a number of important industries in Japan. It is anticipated that Japan will concentrate on production of specialized machinery following the increasing interest evidenced during the year by a number of Far Eastern countries in obtaining such equipment.

Production of steel ships (other than fishing vessels) during 1949 was considerably greater than in any previous postwar year, sparked in large measure by the contracts placed for such ships by several foreign countries, including Norway, Denmark, and the Philippines. The Japanese Government formulated the fifth in a series of shipbuilding programs, calling for construction of oceangoing vessels, both for use by the Japanese and to fill export contracts. To assist in this program approval was given by SCAP for release from the counterpart fund of 8,600,000,000 yen (approximately \$24,000,000) for the Japanese fiscal year ending March 31, 1950. This preliminary plan provides for the construction of ships totaling 275,000 gross tons and for the conversion of 29 nonstandard vessels, totaling 272,000 gross tons, into oceangoing ships meeting international standards. It is anticipated that the funds provided from the counterpart fund will finance 50 percent of the cost of the new ships and 70 percent of the conversion costs, with the remaining costs to be borne by private capital.

Textiles

Although the index of textile production advanced 29 percent over 1948, this industry has recovered less rapidly than any other of Japan's major industries (the index was only 23 percent of the 1932-36

level compared with the index for all manufacturing for 1949 at 74). Major deterrents to more rapid rehabilitation of the textile industry continue to be the restriction of markets for silk and cotton fabrics and the inability to obtain an adequate flow of all necessary raw materials. In terms of dollar value, however, exports of textiles in 1949, as in other postwar years, represented the major portion of Japan's total foreign trade.

The most substantial production increases were recorded in rayon yarn and staple and rayon fabrics (78 and 113 percent, respectively, over 1948 output). The smallest gain was in cotton fabrics with the total 1949 production at 984,860,000 square yards, only 7 percent greater than the 1948 output of 923,877,000 yards. Increased availability of raw wool, especially from Australia, and the expansion of markets for woolen yarn and fabrics resulted in larger output of the woolen industry—23,240,000 pounds of woolen yarn and 34,141,000 square yards of woolen and worsted fabrics, 17- and 35-percent increases, respectively, over 1948 production.

Japan continued to find it difficult to market raw silk, and, although production in 1949 increased 22 percent over 1948, exports in 1949 declined. Exports of cotton yarn and cotton fabrics in 1949 amounted to 9,982 metric tons and 608,787,000 square meters, respectively. Exports of silk and rayon textiles in 1949 were valued at \$35,200,000 and \$35,181,000, respectively. Exports of woolen and worsted manufactures at \$12,420,000, although a substantial increase over the 1948 level, represented only a small fraction of peak (1936) exports.

Chemicals

With a favorable raw material and power situation, appreciable progress was made during 1949 in most segments of the chemical industry. In December the index of chemical production reached about 92 percent of prewar (1932-36 average), a considerable increase over the monthly average for the year as a whole (89.6 percent) and 44 percent above the average monthly index in 1948 (56 percent).

Although the output of all major chemical fertilizers recorded significant gains, the production of calcium cyanamide, which increased 71 percent over 1948, was particularly important in raising the over-all index for chemicals. Supporting the rise in the index of chemical production was also the increased output of many industrial chemicals, agricultural insecticides, dyes, printing ink, and synthetic resins and plastics.

Production of important export commodities such as glass, rayon and other textiles, soap and processed foods increased appreciably owing, in part, to the remarkable achievement in the output of soda chemicals, basic raw materials of these industries. Production of soda ash for the year totaled 121,943 metric tons compared with 75,111 in

1948; records were established in the production of 149,676 metric tons of caustic soda, 407,500 tons of salt, 86,691 tons of hydrochloric acid, 35,959 tons of bleaching powder, and 10,419 tons of liquid chlorine.

Other important developments in the chemical field were the 175-percent increase in production of printing ink over 1948; the output of 1,577,435 square meters of film compared with 1,305,519 meters in 1948; and the production of a wider variety of dyes. Toward the end of the year it was indicated that Japan produced 146 different dyes, at least 10 of which were manufactured for the first time since the end of the war, and a few entirely new to Japan. Sufficient quantities of some dyes were produced so that the export of dyes was resumed at the beginning of the second half of the year; such exports, however, amounted to less than 4 percent of dye production for the period.

As in previous years, and despite the further improvement in production during 1949, Japan imported considerable quantities of chemicals, principally chemical fertilizers. Imports of chemicals totaled \$55,661,000, of which fertilizers and fertilizer materials (mainly phosphate rock, phosphates, and potash) amounted to more than \$40,600,000. Exports of chemicals including drugs and medicines, on the other hand, amounted to about \$4,555,400.

Other Manufactures

Together with the expansion of the various industries indicated above, many others, chiefly light industries, expanded during 1949, not only providing more goods to fulfill domestic demand, but also making a significant contribution to Japan's exports. In addition to increased production of such machine-made products as sheet glass, paper, cameras, binoculars, and opera glasses, many of the handicraft industries (lacquerware, bamboo products, etc.) also showed some improvement.

AGRICULTURE AND FOOD SUPPLY

The good situation in 1949 showed a marked improvement both in quantity and quality as a result of the excellent crops of 1948, large food imports, and improved distribution. The food ration of 2.7 go (1 go equals 150 grams), which had been raised from 2.5 go in November 1948, was maintained during 1949. Blackmarket prices of staple foods declined and the reliance on blackmarket supplies diminished. The easing of the food situation resulted in a slight decrease in the average household budget used for food purchases; whereas in June 1948 it was estimated that in Tokyo about 68 percent of the average household budget was spent for food, by September 1949 the percentage was reduced to about 60. Late in 1949 controls over sweet potatoes were discontinued and at the end of the year there was official consideration of a possible increase in the standard ration. Food reserves were increased during the year.

Crop Production and Collections

The production of staple food crops (rice, barley, maked barley, sweet potatoes, and white potatoes) in 1948 surpassed previous postwar years. The rice crop, which totaled 9,352,000 metric tons, was the largest since 1943 and about equaled the prewar 1931-40 average. Marked increases in the growing of potatoes and sweet potatoes resulted in the production of these crops at levels higher than ever before attained in Japan. Since the six staple crops provide the main basis of the Japanese diet, the large crops of 1948 were of major importance in the improved food supply during 1949.

In the crop year 1949-50 the production of staple crops was slightly reduced as compared with the preceding year as a result of lower temperatures during the growing period, drought, and typhoon and parasite damage. Collections of staple foods, although good, also lagged slightly behind those of the preceding year. As of March 31, 1950, the collection of staple crops amounted to 6,694,500 metric tons (brown rice equivalents) compared with collections of 7,029,400 tons as of March 31, 1949; the collections as of March 31, 1950 were 10.1 percent of the pre-planting quota, compared with 108.1 percent a year earlier.

Food Imports

Japan has historically been a net food importer and will continue to depend upon foreign sources for a considerable proportion of its food requirements. Food imports in 1949 were valued at \$363,301,000, about 40 percent of total imports. Japan's prewar suppliers of food were largely in the Far East, particularly areas formerly part of its empire; during the postwar years Japan has depended predominantly on the United States. Imports from Asiatic areas, principally supplies of rice, increased over previous postwar years.

The major food imports in 1949 were cereals particularly wheat, wheat flour, and barley, but also substantial amounts of rice. Rice imports, which were about 42,300 metric tons in 1948 and about 2,800 tons in 1947, rose to 129,000 tons in 1949. In addition to cereals Japan's food imports were primarily soybeans and sugar.

Industrial Crops

In 1949 cocoons and tea, the two major industrial crops of Japan of primary interest to export industries, were both slightly above 1948 production levels. Cocoon output, however, was far below that of prewar years.

According to the Japanese Ministry of Agriculture and Forestry the mulberry area as of April 1949 amounted to 456,790 acres, or slightly more than the area under production in 1948 (445,369 acres). The reeleable cocoon crop for 1949 is estimated at 124,446,000 pounds, which is slightly above that of 1948 (121,432,000 pounds).

The crude tea output for 1949 is reported as 31,300 metric tons compared with 25,800 tons in 1948 and exports of tea increased to 6,400 metric tons from 4,480 in 1948.

In addition to exports based upon cocoons (raw silk and silk textiles) and tea, Japan exported in 1949 small quantities of other products based upon its agricultural output. Most promising of those were mandarin oranges, dried mushrooms, and canned goods (particularly mushrooms and bamboo sprouts).

Other Agricultural Developments

Japan's intensive agriculture, which necessitates heavy application of fertilizers, was better supplied with commercial fertilizers during 1949 than in previous postwar years. Spring fertilizer distribution in 1949 progressed satisfactorily and the distribution of fertilizers to farmers during the fall period was reported to show improvement over the like period of 1948 with respect both to total tonnage and timeliness of deliveries. As of the end of the year all the total fall allocation of ammonium sulfate equivalents (627,000 metric tons) and 99 percent of available supply of potash (86,899 metric tons) had reached farmers, and all of the supply of superphosphate equivalents (547,759 metric tons) had been purchased by farmers.

Increased livestock production, a postwar development in Japanese agriculture, continued in 1949. The number of goats reached an all-time high; sheep, which numbered about 196,400 in 1946, reached a total of about 459,000 in 1949; swine increased to an estimated 801,000 (from 88,000 in 1946); and poultry also increased in numbers. Meat production, as indicated by carcass weight of animals slaughtered in licensed slaughter house, was the largest of any year since the end of the war, but was substantially less than the prewar average.

The initial land transfer phase of the postwar land reform program in Japan was virtually completed in 1949 and increased emphasis was placed on the registration of purchases and resale of land.

During the postwar years Japanese farmer group activities are reported to have undergone considerable reorganization toward more democratic organizations. As of the end of 1949 farmers had organized more than 32,600 local cooperative associations and 1,000 federations of these associations. Membership in cooperatives exceeded 8,219,000 and is reported to have included representatives of more than 90 percent of all Japanese farm families.

FORESTRY AND FISHING

Forestry

Japan's economy is heavily dependent upon forest products for household fuel, for housing and other construction, and for important industrial uses (mining and railroads, and paper and rayon manufacturing). Continued high demand has meant that, despite the serious wartime depletion of resources and despite the large imports of pulpwood, the domestic production of forest products remains high.

The reported output of charcoal and firewood declined in 1949 as compared with 1948; monthly production of charcoal averaged 139,000 metric tons compared with 149,000 tons in 1948 and monthly production of firewood was 1,815,000 soseki koku (1 soseki koku equals 0.125 metric ton) compared with 2,944,000 in 1948. The reported official output, however, may not provide an accurate picture as it excludes production for use by farmers and it is known that substantial amounts of both charcoal and fuelwood were produced and transported through unofficial channels.

The monthly output of logs averaged 417,256,000 board feet as compared with 477,882,000 in 1948. With a large increase in the number of sawmills (from 3,000 in 1945 to about 39,000 in 1949), present Japanese sawmill capacity is reported to be greater than the available supply of logs, and in the last quarter of the year the number of idle sawmills increased sharply for the first time since 1945. Average monthly lumber production, according to preliminary data, increased to 323,534,000 board feet from 320,586,000 in 1948.

Fishing

Over-all Japanese fishery production (fish, shellfish, seaweeds, and whales) in the calendar year 1949 is reported to have reached 3,113,000 metric tons, an increase of about 380,000 tons over 1948. Fishery production has steadily increased year after year since the end of the war with the 1949 output estimated as only 461,000 metric tons below the 1935-39 average, in spite of a much smaller fishing area and a reduced catch of two important species (sardines and herring). The improved situation in overall fishery production has been brought about by increased efforts of Japanese fishermen, some improvement in techniques, increased quantities of fuel, gear, and supplies, and by the several extensions in the fishing area since September 1945. The increased production of fish, accompanied by general improvement in the supply of other foods, is indicated by the removal of price and distribution controls over all types of fish as of April 1, 1950.

In September 1949, SCAP authorized the extension of the permitted fishing area eastward from the 163rd to the 180th meridian, an extension which increased the fishing area by about 864,500 square nautical miles of the Pacific Ocean. In this area Japanese vessels will fish for tuna and albacore.

Most of the Japanese production of fishery products is from coastal waters, but in addition to fishing in an enlarged area east of Japan, whaling activities in the Antarctic were carried on in 1949 for the fourth postwar season. The 1949-50 expedition is reported to have resulted in a catch of 1,941 whales with a production of 26,600 metric tons of whale oil and 39,000 tons of meat products.

Japan's export of fish and shellfish in 1949 is reported as almost \$8,645,000; in addition exports of fish oils were valued at about \$3,771,000 and seaweed products were also of importance. Although exports of fishery products have increased in the past 2 years and are expected to show some increase in 1950, the volume is far below prewar. Much of Japan's prewar exports of marine products depended upon crab and salmon fisheries in areas no longer open to Japanese operations.

Enactment of the Fisheries Law by the Diet in November 1949 marked a major step in Japanese fisheries legislation as the law provides a legal framework upon which fishermen can build a new and democratic industry. According to SCAP, the law abolishes the feudalistic system of fishery rights and establishes a new system of rights and licenses adapted to modern methods of fishing and on a more democratic basis.

MINERALS AND ELECTRIC POWER

Minerals

The index of mineral production averaged 103.9 for 1949 (1932-36 equals 100), representing an advance of 15 percent above the 1948 average. Most of the components of the index (sulfur, crude petroleum, pyrites, zinc ore, lead ore, copper ore, iron ore) rose more than the over-all average, ranging from 22 percent for crude petroleum to 53 percent for sulfur. Coal production, which has the greatest weight in the mining index, however, advanced only 13 percent over 1948 and lignite production was about 19 percent below that of 1948. The coal and lignite industries, however, had recovered more rapidly than the other mining industries in the earlier postwar period.

In 1949 as in earlier years, inefficiency continued to be a major deterrent to more rapid recovery. The Japanese mining industry has not yet extricated itself from the long-standing dependence on direct Government control and financial assistance; independent, technically competent management striving for efficient operation on a self-sufficient basis, which is considered the key to rapid development of the industry, has made relatively little progress to date. The partial settlement of the reparations problem and the removal of the uncertainty of the deconcentration program, however, eliminated two other deterrents to production which existed in earlier postwar years.

Coal.—Output for the year was about 37,973,000 metric tons, exceeding 1948 production by 4,248,000 tons. Average monthly rate of production during the year (3,164,000 tons) and even the December output of 3,325,000 metric tons were below that required to attain the production goal of 42,000,000 tons which had been established for Japanese fiscal year 1949 (April 1, 1948-March 31, 1950).

As a result of increased production, greater quantities of coal were channeled to Japan's key industries and with greater regularity during 1949 than in preceding years and this was reflected in the record output of Japan's

manufacturing industries. Despite this improvement, however, coal was in short supply owing to the continued high level demand of the major claimants—the iron and steel, chemical, shipbuilding, machinery, textile and other manufacturing industries, the railways, the electric power industry, domestic users, and the Occupation Forces.

The principal problems of the coal industry continued to be financing, lack of mechanization and modernization, slow progress in assuming full responsibilities by management, and inefficient use of labour. The financial problem was partially overcome through increasing the ratio of underground workers to surface workers and the elimination of unnecessary employees. Management was forced to reassume its responsibilities as the result of the several over-all Government and SCAP actions, especially the elimination of deficit financing, and the adoption of a policy of providing no subsidies without sufficient revenues for their payment and of a policy of permitting price increases only under very special circumstances. Counterpart funds were also limited to operations for which it could be shown that the funds would be used to modernize production equipment and thereby increase production, particularly of high-grade coal.

Various technical consultants from the United States visited Japan during the year to conduct explorations for coal deposits, to survey mine operations, and to investigate possibilities of using indigenous low-grade coke for iron and steel production, which would aid in reducing Japan's dependence on imported coking coal. It is expected that progress will be made in subsequent years in the implementation of recommendations made by these experts in such lines as the modernization of equipment and techniques, development of better facilities for removing high ash components from available coking coals, and the provision of facilities for the manufacture of low-temperature coke (known as "coalite" in Japan) and for blending the coalite with Japanese coking coal.

Petroleum.—The year 1949 marks a significant upturn in production. The average monthly output of crude petroleum was 18,129 kiloliters, a 22-percent increase from the monthly production in 1948. Output of refined petroleum products also increased to a monthly average of 16,214 kiloliters, a 10-percent advance over the 1948 average.

During the summer of 1949 new geophysical equipment arrived in Japan from the United States to be used in a survey of the oil-producing regions of Niigata, Yamagata, and Akita prefectures, and in other potential oil-producing basins, in an effort to find new reserves for increased domestic production. (Japan's producing industry supplies only about 10 percent of the country's requirements of petroleum products.) New reserves of 6,540,000 barrels were proved during the year.

The first toward placing Japan's Pacific Coast oil refineries in operation in the postwar period was taken in late 1949. SCAP granted approval for the

repair and rehabilitation of five refineries which were expected to be placed in operable condition about the beginning of 1950. Plans were also formulated for the rehabilitation of other refineries later in 1950, and for the import of crude oil in sufficient quantities to maintain predetermined rates of operation. It is anticipated that by permitting Japan to resume refining operations a saving of about \$10,000,000 will be effected during the first year of operation.

Other minerals.—Production gains were recorded in a number of other minerals during 1949 over 1948.

Electric Power

Electric energy output by public utilities rose to slightly more than 36 billion kilowatt-hours from 31.7 billion in 1948. The higher production was attributed to the increased output by thermal plants, the repair and rehabilitation of both hydroelectric and thermal plants, and to an adequate stream flow. The electric power industry has achieved a remarkable expansion in the postwar period, but in 1949, despite the approximately 77-percent increase in output as compared with 1932-36, an unfulfilled demand for electric power existed owing to increased population and the scarcity and high cost of other fuels.

In view of the low cost of producing hydroelectric power, and the inability of some of the producing companies to finance rehabilitation and expansion of plant from private sources, it was decided during 1949 to grant counterpart fund loans to the electric utility industry; the first such loan was announced in December 1949.

TRANSPORTATION AND COMMUNICATIONS

Railroad Transportation

Japan's total main-line mileage at the end of 1949 (17,017 miles) was about the same as in 1948. Whereas the number of passengers carried by Government railroad decreased from a monthly average of 270,108,000 in 1948 to 240,288,000 in 1949, the total amount of freight handled increased from 9,831,000 metric tons per month in 1948 to 10,462,000 tons per month in 1949. Late in 1949 the Japanese Government announced an 80-percent basic freight rate increase, effective January 1, 1950, an action taken in order to reduce the huge operating deficit of the Japanese National Railways.

Road Transportation

The Japanese Government formulated a 5-year road-building program during 1949. Marked progress was made in road and road bridge repair and construction. Only a beginning was made, however, in the large-scale road-construction program scheduled by the Japanese Government during the fiscal year 1950, with an allocation of 5.4 billion yen (\$15,000,000) made for rehabilitation work and for new highway construction.

Vehicle registration as of December 1949 totaled 171,546, an increase of 14,656 over December 1948. As in 1948 the number of vehicles operated amounted to approximately 70 percent of the total registered.

Shipping

Japan's merchant fleet at the end of the year consisted of 994 steel vessels (100 gross tons and over) totaling 1,683,575 gross tons, only a 4-percent increase over the 1948 gross tonnage of 1,616,286. As of December 31, 1949, Japan also had 389 steel fishing vessels and 325 special-type ships of 100 gross tons and over, as well as a large number of wooden vessels of various kinds used in coastal operations.

Although most of Japan's merchant fleet continued to operate primarily in coastal waters, an increasing number were used in foreign trade in 1949, particularly to and from Formosa, the Philippines, Thailand, Burma, India, Korea, the Ryukyu Islands, and the oil-supply centres in the Middle East.

Coastwise and foreign trade cargo carried by the Japanese merchant fleet in 1949 totaled 49,609,344 metric tons, a slight increase over the 48,033,720 tons in 1948. Of the 13,836,000 metric tons carried by all vessels operating in Japan's foreign trade alone, it is reported that Japanese ships carried only a small percent of the total.

SCAP and the Japanese Government continued to maintain control of vessel utilization and other aspects of shipping throughout 1949, as has been the case since the end of the war. The Civil Merchant Marine Committee, the Japanese Government agency which has been charged with the operation of shipping, continued to charter ships in 1949. Late in the year the Japanese Government and SCAP formulated plans for a new method of handling Japan's shipping operations and in March 1950 SCAP announced that, effective April 1, all vessels of more than 800 gross tons would be returned to their owners and operators.

Aviation

There was no change in the policy preventing the Japanese from providing air service; only foreign companies are permitted to operate air lines to and from Japan. At the end of the year there were seven such firms licensed by SCAP.

Communications

Evidence of further rehabilitation and expansion of telephone service in 1949 was the increase in the number of telephones and the number of countries with which direct radiotelephone service was established. Early in 1950 provision was made for yen payment for international telecommunication service from Japan.

According to the Japanese Government, at the end of 1949 there were almost 9,000,000 radio receiving sets in Japan, of which approximately 98 percent were home sets and 200,000 equipped for short-wave reception.

LABOUR

Major trends in the field of labour were: (1) A relatively high level of employment, but signs of increasing unemployment and greater personnel adjustment in many fields of enterprise; (2) stabilization of wages; (3) continued strength of labour unions with fewer

disputes; and (4) legislation aimed at making the laws and ordinances enacted in the preceding years more effective and at the increased danger of unemployment.

Labour Force and Employment Conditions

As of November 1949 the total labour force in Japan was estimated at 39,920,000 or almost half of the total population. Employment for the country as a whole showed a net increase of more than 1,500,000 over the preceding 12-month period.

Despite expectations of unemployment of serious proportions from the application of the economic stabilization policies, the number of unemployed persons never exceeded 470,000 during any one month of 1949. It should be pointed out, however, that employment and unemployment figures are not indicative of the general economic conditions or stress in Japan as they are in western countries. More than 80 percent of the 1,500,000 persons added to the labour force during the year were absorbed in agriculture, which includes more than half the total labour force. Unemployment became increasingly serious in agriculture in the form of over-abundant family labor. There was also an increase in part-time workers during the year, and according to figures of the Ministry of Labour, employment in August 1949 for nonagricultural industries was about 94 percent of that at the beginning of the year. The impact of the stabilization program on certain industries was also severe, resulting in dislocation of workers, increased unemployment, and shortages of jobs.

Labour Unions

The total union membership as of June 30, 1949, was more than 6,650,000 in about 30,700 unions. This membership amounts to almost 40 percent of the total persons employed in non-agricultural industries. The percentage of workers belonging to unions is particularly high in mining, transportation and communications, and public utility industries; about one-third of the persons employed in manufacturing and retailing are union members.

Labour Disputes

During 1949 labor resorted less to work stoppages than in previous postwar years. The time lost to work stoppages amounted to only a little more than one-tenth of 1 percent of the total available working time. The only major dispute of the year, accompanied by work stoppages, was that in the coal industry over wage demands.

Wages

There was a general stabilization of wages. Statistics of the Japanese Ministry of Labor show that the national average of industrial workers' wages nearly stopped its monthly rise in early 1949, whereas previously it had showed a steady rise of about 10 percent a month from the end of the war. Since stabilization of wages was

accompanied by stabilization of prices, real wages also remained at about the same level throughout the year. Japanese wage levels, however, still remain so low that nearly 60 percent of a family's income continues to be used for food expenditures.

Labour Legislation

On the basis of actual experience many of the postwar Japanese labor laws and implementing ordinances underwent some revision in 1949 and new legislation was concerned with filling in gaps and providing for the changing conditions. For example, the Trade Union Law was revised to require that union constitutions include certain minimum provisions to obtain democratic operation of union affairs and to prohibit financial support of unions by employers, and an "Emergency Counter-Unemployment Measures Law" was enacted which provided for work relief projects to meet any extended unemployment that might develop.

OTHER ECONOMIC DEVELOPMENTS

Deconcentration of Industry

Continued progress was made during the year in implementing the Economic Deconcentration Law. By the third quarter of the year SCAP announced that the Deconcentration Review Board had completed its recommendations on all cases requiring its consideration under the law and that this constituted "...the completion of another major phase of the Occupation mission and the finalization of a much discussed segment of the headquarters effort to revitalize and democratize the Japanese economy on a peacetime basis..." The Board was dissolved subsequent to submission of its final report. According to SCAP, initially 325 operating companies were designated for detailed examination under the criteria of the law. After preliminary examination, 50 companies were removed from designation by the Japanese Government's Holding Company Liquidation Commission as not being excessive concentrations and 107 more were ordered removed upon acceptance of minor non-structural adjustment. In accordance with the recommendations of the Deconcentration Review Board 111 additional companies were removed from designation during 1949. The Board recommended that of a total of 57 companies, representing 22 fields of finance, business, and industry, 11 undergo structural reorganization, 6 make lesser adjustments, 29 be released from designation, and further study be made of the remaining 11 cases.

Reparations

The uncertainty regarding reparations removals, which has existed since the United States Government issued an interim directive to SCAP in April 1947 establishing the advanced transfer reparations program, ended on May 12, 1949, when the interim directive was rescinded and the United States

Government announced "...that it has no intention of taking further unilateral action under its interim directive powers to make possible additional reparations removals from Japan."

At the end of the year SCAP announced that the Reparations Technical Advisory Committee was discontinued. Under the advanced transfer program in which this committee assisted, the Netherlands, China, the Philippines, and the United Kingdom received reparations consisting of 18 Government-owned Japanese arsenals.

Rationalization of Industry

It has become increasingly clear that it is necessary for Japan to rationalize its industrial production in order that, without subsidies, it will be able to successfully market its products on the world market. The establishment of the single exchange rate in April 1949 and the abolition of all export subsidies during 1949 are compelling Japanese firms to meet world competition on the basis of their own efficiency. By the end of 1949, however, only initial steps had been made in rationalization by many industries. The Japanese Government showed recognition of the importance of a program of industrial rationalization and during the year appointed special groups to study the problem and make recommendations for legislative and administrative action.

Industrial Technology

The Japanese Government, industrial leaders, scientists, and others showed increasing cognizance of the need for improving Japan's industrial techniques. A section of the Ministry of International Trade and Industry conducted a study of this problem culminating in a report issued at year's end entitled "Present Conditions of the Mining and Industrial Techniques in Our Country." This report, generally referred to as the "Technical White Paper," concluded that the level of Japan's scientific techniques in the mining and manufacturing industries is relatively high in some fields, but that, on the whole, Japan lags behind the United States and certain European countries in the application of such techniques to industry. It is expected that, as a result of this report and various studies made by American technical experts who visited Japan during the year, continuing attention will be given to this aspect of Japan's economy.

Construction

Japan's construction requirements at the end of the war were enormous compared with construction capacity. According to a SCAP study released in 1948 the large backlog of unfulfilled requirements was the result of bomb damage, fire, flood, earthquake, and other natural causes, losses not replaced during the war years, and the increase in population. Estimates indicated that

the housing construction requirements of Japan from 1948 through 1952 total slightly more than 4,000,000 dwelling units, exclusive of replacements required for losses due to fire and natural causes.

Housing construction during the 2 years 1948 and 1949 amounted to 889,114 units, or approximately 22 percent of the estimated requirements for the 5-year period. It is indicated that, in the 90 major bombed cities of Japan, reconstruction of housing from August 1945 to January 1, 1950, totaled 686,698 units, about 34 percent of the estimated 2,000,000 units lost in bombing raids on these cities.

A major limiting factor to increased housing, as well as other types of construction, is the shortage of lumber. Some members of the construction industry look to the development of lumber substitutes as a necessity if Japan is to achieve the fulfillment of the stated requirements by 1952. It now appears unlikely that even under rather favorable conditions of materials supply and adequate financing Japan will be able to produce more than 600,000 housing units per year by 1950.

FINANCE

Important fiscal measures were taken in 1949 as part of the over-all effort to stabilize the Japanese economy in line with the United States Interim Directive on Economic Stabilization issued to the Japanese Government in December 1948 and the fiscal recommendations of "The Dodge Mission."

Government Budget

A balanced consolidated national budget was achieved in fiscal year 1949 (April, 1949-March 31, 1950), the first balanced budget of the Japanese Government in many years. Provisions were made for substantial retirement of the domestic debt, elimination of deficit financing, establishment of budgetary control, curtailment of Government financing of industry, absorption of surplus purchasing power for consumption goods, and heavy taxes, including major stress on income taxes. As originally passed the consolidated budget amounted to 704 billion yen, with approximately 90 percent of budgeted revenues consisting of taxes and income from Government enterprises. Of the total revenue anticipated, about 70 percent was to be derived from taxes, with income taxes providing the bulk of the total. The largest items of expenditures provided for were, in order of magnitude, subsidies to prevent price increases, "war termination expenses," economic rehabilitation, and public works. At the end of the calendar year the Japanese Diet revised the fiscal year 1949 budget to reflect the favorable operating experience under its first balanced budget. Unlike prior years, when supplemental budgets were required to authorize appropriations for funds already expended, the fiscal 1949 supplementary revision

authorized increased expenditures and a reduction in tax revenues made possible because tax collections were running ahead of estimates.

Counterpart Fund

For fiscal year 1949, United States Aid Counterpart Fund was established in which is deposited the yen equivalent of the dollar cost of United States aid furnished to Japan. This fund, which was included as an explicit charge in the Japanese budget for fiscal year 1949, is administered under SCAP control and used for debt retirement, for investment in Government enterprises such as railway and communications, for investment in certain private business activities in which bottlenecks impede production and for which private financing is not readily obtainable, and for such other uses as may be determined to be in the interest of stabilizing the national economy.

As of December 10, 1949, approximately 100,000 million yen had been deposited in the counterpart fund and, as of December 31, disbursements totaled 66,579 million yen. The major portion of the funds disbursed was for debt retirement and loans to Government railways and communications. Certain key private industries, however, such as coal, electric power, shipping, and chemical fertilizers, received loans from the fund.

Currency Circulation

The Bank of Japan note issue, which had increased to an alltime high of 355 billion yen at the end of 1948, was down to 298 billion at the end of the third quarter of 1949. During the fourth quarter of the year there was, however, a seasonal increase and by December 31 the total note issue was again at 355 billion yen, but it was expected to decrease during the early part of 1950 and to level off at about 300 billion (in late March 1950 the note issue was reported at about 299 billion yen).

Prices

The general stabilization in note issue, the elimination of deficit spending, vigorous tax collection programs, curtailment of credit expansion, and other inflationary controls, together with closer balance between supply and demand of basic goods, were the major contributors to the generally stable price level during 1949. The level of consumer prices (as measured by the consumer-price index for urban Japan prepared by SCAP) at the end of December was only 5 percent above that of December 1948; this is in marked contrast with the sharp price increase of previous postwar years. Some important components of the index such as clothing and certain food items decreased in 1949; the clothing index declined about 15 percent and the indexes for meat, dairy products, and fish decreased 15, 22, and 6 percent, respectively. The over-all food index, however, increased 4 percent during the year.

Official price revisions were made in a number of commodities (including staple foods and steel products) which, together with increased supplies of basic commodities, resulted in a reduction of the gap between official and black-market prices. As a result of the general improvement in the demand-supply relationship and the reduction of other inflationary pressures, Government control was gradually reduced; thousands of individual items were released from price and distribution controls during 1949. Most of the items decontrolled were hard goods, although some domestic consumer and export products were also removed from controls; for example, furniture, footwear, kitchen utensils, small hand tools, watches and clocks, cocoons, silk, industrial silkworms, mulberry seedlings, and some kinds of silk packing material were among the commodities decontrolled. With the anticipated further stabilization of the economy and improvement in the demand-supply relationship, it is expected that most of the remaining price and distribution controls will be removed in 1950.

Taxation

An American tax mission (The Shoup Tax Mission), at the request of SCAP and the Japanese Government, made a detailed study of Japan's tax system in 1949. Important recommendations included in the report of this mission were: (1) A substantial reduction in existing personal income tax rates; (2) imposition of a "net worth" tax with rates ranging from $\frac{1}{2}$ to 3 percent on individuals with net properties in excess of 5 million yen (this provision is designed to compensate for the reduced income tax rates recommended for the high brackets); (3) retention of the normal corporate income tax rate of 35 percent but repeal of the excess profits tax; (4) revaluation of assets in order to reflect realistic depreciation charges for tax purposes; (5) substantial revision of real estate taxes, with the view to making them more productive; (6) a much greater degree of fiscal autonomy, including much broader taxation powers, for local governments; and (7) administrative changes to induce taxpayers to comply with the law, allowing appeal against reassessment, and providing for better organization for the collection of taxes.

It is expected that during 1950 the Japanese Diet will take legislative action regarding taxation and will incorporate, with modifications, many of the recommendations of the Shoup mission. Early in 1950 it appeared likely that some revision regarding the applicability of the income taxes to foreign nationals would be made, in order to make the investment of foreign capital in Japanese enterprises more attractive.

Investment

Initial steps were taken by the Japanese Government and SCAP during 1949 to attract foreign investment. In January the scope of business activities

permitted foreigners was broadened to provide equal opportunity to postwar commercial entrants, except for certain property transactions, as was previously accorded Japanese firms and those foreign firms which had remained in Japan during the war. As an essential part of the broadened program postwar entrants were permitted to acquire or lease residential property for their own use; purchase or lease real estate on a long-term basis for business purposes; purchase rights to a portion of the profits, sales, of a Japanese firm; and purchase patents of Japanese origin, and rights, options, or other agreements to acquire such interests. Several means were provided under Japanese law and ISCAP regulations to provide protection for foreign patents, properties, trade-marks, and trade names.

Despite the various actions taken, the flow of investments was very small, both in terms of number of applications and the volume of foreign exchange invested. Principal restraints to large-scale investments during 1949 were certain discriminatory features of the Japanese tax structure, the restrictions against remittance of foreign exchange as profits on investments, and the lack of protection provided for foreign capital invested. At the beginning of 1950 the Japanese Government and SCAP were considering a program to attract foreign capital which would remove, or at least somewhat mitigate, these restraints. It is unlikely, however, that Japan will be able to permit complete freedom of action in matters affecting use of foreign exchange in the foreseeable future; it is expected that any foreign investment program for the immediate future will require Government control at least insofar as evaluating the essentiality of the proposed investments and the effect of these investments on Japan's balance-of-payments position.

Foreign Exchange

On April 25, 1949, a single commercial exchange rate (360 yen to one United States dollar) was established for the Japanese yen; prior to this date no true rate of exchange had existed since the war, a system of implicit multiple rates being used in carrying on foreign trade.

The enactment, by the Japanese Diet of the Foreign Exchange and Trade Control Law on November 1, 1949, together with implementing ordinances and regulations of the appropriate Ministries, constituted a major step in transferring responsibility over Japan's foreign exchange assets and foreign trade activities from SCAP to the Japanese Government. The Japanese Foreign Exchange Control Board was provided with broad powers to manage the foreign exchange (SCAP, however, retains certain supervisory controls); a Council at the Cabinet level was established to budget foreign exchange; and provisions were made for the maintenance of a unitary basic exchange rate and orderly cross rates. The basic rate of 360 yen to one United States dollar currently continues in effect and

the only cross rate is for the pound sterling, established at 1,008 yen to the pound. Rates were also established for the purchase and sale of dollars and pounds sterling by the Foreign Exchange Control Board, foreign exchange banks, and brokers.

No provision has as yet been made for the free conversion of yen to foreign currencies nor have general procedures been established for the remittance in foreign exchange of dividends of profits from investments. It has been reported that such procedures are being formulated and it is anticipated that legislation on this matter will be enacted during 1950.

FOREIGN TRADE

Since trade is essential to the achievement of a self-sustaining Japanese economy, the level of foreign trade is one of the major indicators of Japan's postwar economic progress. During 1949 gains were made both in increasing the total volume and value of foreign trade and in narrowing the gap between imports and exports. Total trade in 1948 (imports plus exports), which aggregated \$1,411,940,000, was approximately 50 percent above the 1948 level of \$941,290,000 and more than double the 1947 value. Imports in 1949, at \$900,971,300, represented an increase of 32 percent from the 1948 total of \$683,018,900, and exports, which amounted to \$510,969,100, increased nearly 100 percent from the 1948 value of \$258,271,500. The deficit in merchandise trade for 1949 was thus reduced to about \$390,000,000 compared with about \$424,750,000 in 1948. Despite the progress to date, it is estimated by SCAP that exports must attain the level of approximately \$1,000,000,000 annually if Japan's trade is to be balanced and the need for United States appropriations eliminated (since the end of the war such funds have been the most important single factor in the financing of Japan's foreign trade).

Commodity Composition of Trade

Imports.—Although in 1949, as in previous postwar years, foodstuffs constituted the largest drain on Japan's foreign exchange assets, the proportion of foodstuffs to total imports declined to 40 percent from 46 percent in 1948, but was still much above the prewar (1930-34) average, when foodstuffs accounted for about 25 percent, by value, of total imports. In terms of absolute value, imports of foods increased from \$316,600,000 to \$363,300,000.

Japan's increased industrial recovery and export trade were supported by larger imports of industrial raw materials in 1949. Imports of raw cotton, raw wool and other fibers advanced sharply; average monthly raw cotton imports, for example, totaled 15,960 metric tons in 1949 or more than double the 1948 average, and monthly average receipts of raw wool were 1,561 metric tons as compared with 842 metric tons in 1948. Of singular importance in the record achievement in the production and the export of metal products in 1949 was the threefold rise in imports of iron ore

(a monthly average of 132,540 metric tons compared with 44,266 tons in 1948). Significant advances were also recorded in the import of pig iron, paper pulp, hides and skins, rubber, coking coal, salt, lead, and manganese ore.

Exports.—As in 1948, exports of textiles in 1949 accounted for more than half of Japan's exports, with cotton yarn and manufactures comprising the major portion of the textile exports. Improved raw materials supply and the expansion of markets resulted in exports of greater quantities and varieties of metal and metal products and machinery. Noticeable gains were also made in the export of food products, especially fish and shell-fish, and in certain nonmetallic minerals and products such as clay, clay products and pottery, and glass and glass products.

Trade by Areas

The year 1949 witnessed a further shift of Japan's trade away from the United States and greater dependence on Asiatic and European countries both as suppliers of imports and as markets for exports. Whereas in 1948 approximately 65 percent of all imports into Japan came from the United States and 25 percent of exports were shipped to the United States, in 1949 imports from the United States accounted for about 48 percent of total imports and the United States was the market for only 16 percent of Japan's exports. Asiatic countries supplied Japan with goods valued at \$165.5 million during 1949, or 18 percent of Japan's total imports as compared with 14 percent in 1948. Although Asiatic countries purchased considerably more from Japan in 1949 than in 1948 (\$267.5 million compared with \$133.6 million), exports to other areas increased more and, consequently, the proportion of Japan's exports taken by Asiatic countries declined from 65 percent in 1948 to 52 percent in 1949.

Japan's 1949 trade with areas other than the United States and Asia evidenced a marked change from the 1948 pattern when such trade was largely with a few countries, which supplied Japan with certain raw materials but purchased relatively small quantities of Japanese goods. Exports to Europe (excluding Asiatic U.S.S.R.) aggregated \$71.5 million, more than double the 1948 total, and although imports from European countries almost tripled (\$65.4 million as compared with \$22.3 million in 1948), Japan had a favorable merchandise balance of trade with this area. Similarly, both import and export trade with African countries showed sharp advances over 1948, with exports increasing more than imports, resulting in a merchandise trade surplus in Japan's favor. Total trade with Australasian countries in 1949 was also considerably greater than in 1948, with Japanese imports at \$30.6 million and exports at \$21.1 million. Exports to South American countries rose from \$1.9 million in 1948 to almost \$3 million; imports, however, which were at \$6.5 million for the year showed a large decline from the \$14 million in 1948.

Trade Arrangements

By the end of 1949 Japan had entered into trade and financial agreements with 17 countries, as follows: Sterling-area trade arrangement countries (United Kingdom of Great Britain and Northern Ireland and Colonies, except Hongkong Australia, India, New Zealand, the Union of South Africa, and Ceylon); Netherlands and colonies and Indonesia; Republic of Korea; Thailand; Burma; Pakistan; Sweden; Finland; Tri-Zone Germany; French Union countries (Metropolitan France, Algeria, French West Africa, French Equatorial Africa, Madagascar and dependencies, Reunion Island, French Guiana, Guadeloupe, Martinique, St. Pierre and Miquelon, French Settlements in India, Indochina, New Caledonia, French Oceania, Condominium of the New Hebrides, French Protectorates of Morocco and Tunisia, and Mandates of Cameroon and Togo); the Belgian Monetary Area countries (Belgium, the Grand Duchy of Luxembourg, the Belgian Congo, and the Trusteeship Territory of Ruanda-Urundi); Argentina; Brazil; Chile; Mexico; Peru; and Uruguay.

The bilateral trade arrangements will these areas have been instrumental in helping Japan overcome its difficulty in financing its postwar trade. Under these agreements both parties agree to maximize a balanced trade at the highest practicable level; this has resulted in Japan's attaining a much higher level of trade than could otherwise be possible and has helped in reorienting Japan's trade toward its traditional prewar suppliers and customers. During the second half of 1949 the areas with which trade agreements had been concluded were the customers for 68 percent of total Japanese exports, and these areas supplied Japan with almost 30 percent of its imports during the same period.

In 1950 Japan expects to continue to place emphasis on trade arrangements as a means of facilitating expansion of trade, and in continuing the progress made in 1949 in shifting trade to a more normal geographic pattern. This is expected to further reduce Japan's reliance on United States-appropriated funds.

As in the initial arrangements concluded in 1948 those negotiated during 1949 provide for the conduct of trade in accordance with simultaneously concluded financial agreements. The sterling participants conduct trade in sterling in accordance with the over-all sterling payments arrangement; trade with many of the other countries is carried on in terms of dollars on an open-account basis. Some contain a credit ceiling which provides that if trade becomes unbalanced the creditor may request settlement for amounts above the stipulated figure. In most cases, however, the object of the plans is to obtain balanced trade and thereby avoid expenditure of foreign exchange by either of the parties.

Financing Foreign Trade

In 1949 approximately 60 percent of Japan's imports were financed by United States-appropriated funds. Additional financial assistance was provided by credits under OJEIRF (Occupied Japan Export-Import Revolving Fund) extended by the United States Government and augmented by five American banks, and by Public Law 820 which established a revolving fund of \$150,000,000 for the purchase of natural fibers for occupied areas; these latter programs assisted in providing Japan with much-needed raw cotton.

Relaxation of Trade Controls

During 1949 various modifications were made in trade regulations furthering the transfer of foreign trade activities from Government control to private channels, culminating in the enactment by the Japanese Diet in November of the Foreign Exchange and Foreign Trade Control Law, which, together with implementing regulations by the Japanese Cabinet and appropriate Ministries, constituted a major step toward placing Japan's trade on a normal commercial basis.

Effective December 1, 1949, export procedures were greatly simplified; licensing was abolished except for export of certain specified commodities and under certain conditions, and procedural delays were reduced by the replacement of the system of prior approval for export transactions by one of postauditing.

The Foreign Exchange and Foreign Trade Control Law was further implemented, effective January 1 1950, by placing Japan's imports on a private basis except for those procured with United States-appropriated funds which continue to be handled on a Government level.

Exchange Rate and Export Pricing

With the establishment of the single commercial exchange rate on April 25, 1949, Japan took a major step forward in placing its foreign trade on a normal commercial basis. This action was later followed by the elimination of export subsidies and in October the floor price system for pricing exports was abolished. Japanese firms are now required to meet world competition on a realistic pricing basis.

Although the devaluation of pound sterling and other currencies in September temporarily had an adverse effect on Japan's foreign trade and pressures were built up in Japan for devaluation of the yen, the Government decided not to devalue, on the basis that further rationalization of industry could result in production at prices which could effectively compete in world markets.

Other Developments in Foreign Trade

Increased recognition was given during 1949 by the Japanese Government and SCAP to the development of Japan's commercial contacts abroad, the elevation of its standing in the trading world, the need for further

rehabilitation and expansion of activities necessary to support increasing foreign trade, and the attraction of foreign investment which would aid export industries.

The Foreign Exchange and Foreign Trade Control Law and regulations thereunder reflected the Japanese Government's consideration of the need for Japanese exporters to be educated in conducting trade in a manner which will attain the respect and confidence of world traders. Under the new export regulations, Japanese exporters are required to exercise due respect for the laws and regulations prohibiting unfair competition in the country of destination, with penalties provided for violation of laws which may be enacted by the Japanese Government to safeguard against such practices. In the "Export Declaration" form exporters must declare that exports covered therein conform with applicable laws and regulations of Japan, such as grade labeling and inspection, and that due consideration was given to the laws and regulations regarding unfair competition in the country of final destination of the goods. A Japanese Cabinet Order issued in early 1950 provides for the protection against the export of goods which infringe or are likely to infringe upon foreign industrial property rights in the country of destination. The need for improved quality of Japanese goods and improved inspection of exports was also recognized by the increased number of export standards which were developed during the year.

Direct participation by Japanese businessmen in trade promotion was inaugurated in the summer of 1949 with the establishment of the Foreign Exchange Retention Plan. Under this plan Japanese exporters are permitted to use a small portion of foreign exchange proceeds accruing from their exports for travel abroad for trade purposes; for the payment of commissions to foreign agents; for the merchandising of Japanese goods; for sales promotion expenses; for purchase of credit information, samples, catalogs, and other trade publications; and for other trade promotion activities. By the end of 1949 a small number of Japanese businessmen were taking advantage of this plan to obtain firsthand trade information abroad.

Japanese trading, industrial, and banking leaders and SCAP gave increased recognition during 1949 to further expansion of Japan's commercial contacts abroad, and these efforts resulted in several achievements in early 1950. Japanese firms indicated that they will participate in the forthcoming United States International Trade Fair to be held in Chicago in August 1950 and in the Third International Textile Fair to be held in New York the same month. In February 1950 the Japanese Government announced that it had accepted the invitation of the United States Government through SCAP to establish overseas agencies in New York, San Francisco, Los Angeles,

Hongkong's Principal Trading Partners in July 1950

For the month of July, as shown in the "Far Eastern Economic Review" of August 31 (No. 9), Hongkong's foreign trade amounted to \$535.8 million (£33.5 million, US\$92 million); imports amounted to \$241 million and exports to \$294.8 m., or a record favourable balance of \$53.3 m. In this issue are published details of the principal countries trading with the Colony, and below are given some of the outstanding items in this trade compared with the figures for June. Values are in Hongkong dollars (HK\$16 to £ and \$5.80 to US\$1); imports refer to imports into Hongkong and exports to shipments out of the Colony to the country concerned.

United Kingdom

Imports .. \$33.07 m. (June \$27.82 m.)
Exports .. \$10.62 m. (" \$27.00 m.)
Import Ex. \$22.45 m. (" \$0.82 m.)

Main imports: Tobacco \$1.42 m. (June \$1.29 m.), chemicals \$2.32 m. (\$1.32 m.), yarns & threads \$1.85 m. (\$1.58 m.), textile fabrics \$3.64 m. (\$3.48 m.), iron & steel \$2.68 m. (\$2.06 m.), non-ferrous base metals \$4.09 m. (\$2.82 m.), manufactures of base metals \$1.48 m. (\$1.42 m.), machinery & apparatus \$2.22 m. (\$2.03 m.), electrical machinery \$3.52 m. (\$1.71 m.), vehicles & transport equipment \$2.46 m. (\$2.68 m.).

Seattle, and Honolulu. These agencies are to engage primarily in trade promotion and market research, although they will also handle matters relative to Japanese nationals resident in the United States. The Japanese Government hopes to be authorized to establish similar offices in other countries.

Reduction of the service costs incidental to foreign trade and the increase of receipts from invisibles are important elements in Japan's attempt to become self-sustaining. Although some progress was recorded in 1949 in the increased use of Japanese shipping in foreign trade, only a small fraction of Japan's trade was carried in Japanese bottoms. Concomitant with the transfer of greater responsibility for the conduct of Japan's trade to the Japanese Government and the increasing use of private trade channels, plans were formulated in early 1950 for the increased participation of Japanese insurance and banking firms in foreign trade supporting activities.

The Japanese Government and interested sections of the Japanese community drafted plans for the rehabilitation and expansion of facilities to encourage increased tourist trade, once a lucrative source of foreign exchange. Initial steps were taken to remodel existing hotels and to construct new facilities to provide accommodations suitable to western visitors, and some of the tourist hotels taken over for Occupation purposes were ear-marked

Main exports: Vegetable oils \$5.14 m. (\$9.58 m.), clothing & underwear of textile materials \$1.56 m. (\$4.16 m.), miscellaneous crude or simply prepared products \$744,800 (\$1.17 m.).

Exports of silver amounted in value to \$3.86 m. (\$3.58 m.).

Central China

Imports \$ 7.38 m. (\$ 6.57 m.)
Exports \$21.58 m. (\$23.40 m.)
Export Excess \$14.20 m. (\$16.83 m.)

Main imports: Tea \$1.07 m. (\$1.32 m.), textile fabrics \$1.14 m. (\$647,000), vegetables \$964,000 (\$849,000), paper \$850,000 (\$234,000), sugar \$794,000 (\$1.53 m.).

Main exports: Dairy products \$1.25 m. (\$831,000), vegetables \$1.1 m. (\$1.5 m.), feeding stuffs for animals \$2.39 m. (\$2.38 m.), chemicals & pharmaceuticals \$1.47 m. (\$1.27 m.), fertilizers \$2.68 m. (\$1.95 m.), textile fabrics \$2.13 m. (\$2.86 m.), iron & steel \$744,000 (\$414,000), tobacco \$792,000 (\$2.05 m.), hides \$756,000 (\$174,000), textile materials, raw or simply prepared \$629,500 (\$202,400), products for heating & lighting \$949,600 (\$535,000), miscellaneous crude or simply prepared products \$692,000 (\$280,800).

for early transfer to the tourist industry.

Small beginnings were made in 1949 toward attracting foreign capital to Japan, with emphasis on those industries which would aid Japan's over-all economy, including export industries (see section on Finance).

Outlook

The favorable developments which aided in the considerable expansion of Japan's foreign trade in 1949, if continued and further developed, can be expected to result in a continuation of the upward trend of trade. In order to close the gap between imports and exports and to achieve a level of foreign trade sufficient to support its increasing population, however, Japan still has much to achieve.

There are a number of external factors which continue to militate against a very large expansion of Japan's foreign trade within the foreseeable future. Conditions in Far Eastern countries, although improved in some countries compared with previous post-war years, are still very disturbed, which tends to restrict markets for Japan's industrial products and limits the ability of this area to supply Japan with raw materials. In the future Japan will also encounter increasing competition in world markets as a result of the increased production of the major trading countries in a tightening buyers' market.

North China

| | | | |
|---------------|------|------------|--------------|
| Imports | .... | \$21.78 m. | (\$25.68 m.) |
| Exports | .... | \$43.10 m. | (\$39.48 m.) |
| Export Excess | | \$21.22 m. | (\$13.80 m.) |

Main imports: Dairy products \$1.65 m. (\$2.02 m.), vegetables \$1.88 m. (\$1.51 m.), feeding stuffs for animals \$3.01 m. (\$2.22 m.), oil-seeds, nuts & kernels \$1.65 m. (\$1.88 m.), vegetable oils \$954,000 (\$582 m.), chemicals \$884,000 (\$428,000), yarns & threads \$2.44 m. (\$1.2 m.), textile fabrics \$2.21 m. (\$2.07 m.), miscellaneous crude or simply prepared products \$2.17 m. (\$3.03 m.).

Main exports: Sugar \$1.34 m. (\$4,000), chemicals & pharmaceuticals \$3.53 m. (\$1.27 m.), dyes \$2.94 m. (\$233,000), rubber \$7.31 m. (\$126,000), paper \$882,000 (\$501,000), textile materials, raw or simply prepared \$9.49 m. (\$11.57 m.), products for heating & lighting \$1.04 m. (\$2.78 m.), iron & steel \$3.72 m. (\$6.16 m.), non-ferrous base metals \$3.15 m. (\$2.28 m.), Machinery & apparatus \$4.41 m. (\$2.64 m.), electrical machinery \$1.93 m. (\$365,000).

South China

| | | | |
|---------------|------|------------|--------------|
| Imports | .... | \$32.83 m. | (\$25.87 m.) |
| Exports | .... | \$29.53 m. | (\$14.82 m.) |
| Import Excess | | \$ 3.30 m. | (\$11.05 m.) |

Main imports: Live animals, \$2.19 m. (\$3.19 m.), dairy products \$750,000 (\$1.02 m.), vegetable oils \$18.1 mt. (\$11.33 m.), textiles materials, raw or simply prepared \$2.43 m. (\$1.35 m.), yarns & threads \$3.6 m. (\$2.84 m.), textile fabrics \$949,000 (\$582,000), miscellaneous crude or simply prepared products \$1.52 m. (\$1.29 m.).

Main exports: Chemicals & pharmaceuticals \$6.77 m. (\$3.43 m.), dyes \$2.49 m. (\$367,000), rubber \$4.1 m. (\$824,000), products for heating & lighting \$1.37 m. (\$1.95 m.), iron & steel \$4 m. (\$1.17 m.), manufactures of base metals \$4.7 m. (\$1.62 m.), machinery \$1.54 m. (\$729,000).

Imports of silver amounted to \$69,737 (\$3.36 m.).

Macao

| | | | |
|---------------|------|------------|--------------|
| Imports | .... | \$10.33 m. | (\$ 9.07 m.) |
| Exports | .... | \$14.97 m. | (\$13.76 m.) |
| Export Excess | | \$ 4.64 m. | (\$ 4.69 m.) |

Main imports: vegetables \$1.48 m. (\$797,000), yarns & threads \$1.23 m. (\$2,400), miscellaneous crude or simply prepared products \$1.72 m. (\$1.05 m.), manufactured articles \$1.54 (\$1.73 m.), wood \$509,600 (\$1 m.), textile materials, raw or simply prepared \$463,000 (\$789,700), textile fabrics & small wares \$459,000 (\$358,000).

Main exports: Manufactured products of cereals \$1.24 m., chemicals & pharmaceuticals \$1.87 m. (\$94,000), products for heating & lighting \$2.33 m. (\$1.65 m.), machinery \$1.71 m. (\$344,000), iron & steel \$503,000 (\$134,000), textile fabrics & small wares \$637,000 (\$806,000), clothing & under wear of textile materials \$516,000 (\$832,000).

Imports of silver were valued at \$441,225 (\$976,220).

Malaya

| | | | |
|---------------|------|------------|--------------|
| Imports | .... | \$15.68 m. | (\$11.21 m.) |
| Exports | .... | \$47.04 m. | (\$36.57 m.) |
| Export Excess | | \$31.36 m. | (\$25.36 m.) |

Main imports: vegetable oils \$1.30 m. (\$513,000), rubber \$10.4 m. (\$6.19 m.), textile fabrics & small wares \$896,500 (\$250,000), wood \$779,000 (\$1.47 m.).

Main exports: Fishery products for food \$2.03 m. (\$1.95 m.), fruits & nuts \$1.69 m. (\$1.46 m.), vegetables \$4 m. (\$2.67 m.), tobacco \$1.42 m. (\$1.43 m.), chemicals & pharmaceuticals \$1.11 m. (\$1.32 m.), paper \$3.13 m. (\$2.05 m.), textile fabrics & small wares \$7.85 m. (\$5.88 m.), clothing & underwear \$4.96 m. (\$3.6 m.), made-up articles of textile materials other than clothing \$1.83 m. (\$477,000), manufactures of base metals \$2 m. (\$1.73 m.), miscel. crude or simply prepared products \$2.68 m. (\$1.52 m.), manufactured articles \$6.46 m. (\$5.87 m.).

Japan

| | | | |
|---------------|------|-----------|-------------|
| Imports | .... | \$8.43 m. | (\$6.58 m.) |
| Exports | .... | \$8.12 m. | (\$5.78 m.) |
| Import Excess | | \$0.31 m. | (\$0.80 m.) |

Main imports: Fishery products for food \$1.19 m. (\$208,500), textile fabrics & small wares \$3.24 m. (\$1.87 m.), pottery \$568,600 (\$328,600), non-metallic minerals, \$455,000 (\$435,800).

Main exports: textile materials, raw or simply prepared \$2.5 m. (\$821,000), textile fabrics & small wares \$2.44 m. (\$1.02 m.), iron & manganese ores \$614,000 (\$381,000), hides & skins \$939,400 (\$646,000).

Thailand

| | | | |
|---------------|------|------------|--------------|
| Imports | .... | \$15.41 m. | (\$12.83 m.) |
| Exports | .... | \$11.53 m. | (\$ 8.31 m.) |
| Import Excess | | \$ 3.88 m. | (\$ 4.52 m.) |

Main imports: Cereals \$12.39 m. (\$9.43 m.), oils & fats \$626,000 (\$476,000), wood \$564,000 (\$1.16 m.), hides & skins \$458,500 (\$308,000).

Main exports: Chemicals & pharmaceuticals \$1.34 m. (\$679,000), textile fabrics & small wares \$3.35 m. (\$1.01 m.), yarns & threads \$808,400 (\$612,500), clothing & underwear \$406,000 (\$594,000), products for heating & lighting \$502,000 (\$196,000), manufactures of base metals \$698,000 (\$759,000), vegetables \$571,000 (\$499,900).

Indonesia

| | | | |
|---------------|------|------------|--------------|
| Imports | .... | \$ 4.82 m. | (\$ 7.16 m.) |
| Exports | .... | \$ 6.33 m. | (\$12.17 m.) |
| Export Excess | | \$ 1.51 m. | (\$ 5.01 m.) |

Main imports: Products for heating & lighting \$3.32 m. (\$5.57 m.), rubber \$511,000 (\$456,400).

Main exports: Yarns & threads \$3.92 m. (\$8.51 m.), clothing & underwear \$494,600 (\$1.01 m.).

U. S. A.

| | | | |
|---------------|------|------------|--------------|
| Imports | .... | \$37.35 m. | (\$56.59 m.) |
| Exports | .... | \$31.30 m. | (\$23.60 m.) |
| Import Excess | | \$ 6.05 m. | (\$32.99 m.) |

Main imports: Fruits & nuts \$3.24 m. (\$3.15 m.), tobacco \$4.98 m. (\$2.87 m.), chemicals & pharmaceuticals \$5.24 m. (\$7.9 m.), textile fabrics & small wares \$2.51 m. (\$5.59 m.), clothing & underwear of textile materials \$1.15 m. (\$1.88 m.), textile materials, raw or simply prepared \$972,000 (\$7.61 m.), iron & steel \$1.01 m. (\$1.92 m.), manufactures of base metals \$3.04 m. (\$2.39 m.), machinery \$1.52 m. (\$3.95 m.), electrical machinery \$1.6 m. (\$1.42 m.), manufactured articles \$3.04 m. (\$4.16 m.), paper \$1.36 m. (\$1.06 m.), dyes \$539,000 (\$1.75 m.).

Main exports: Vegetables \$1.55 m. (\$456,000), oil-seeds, nuts & kernels \$1.11 m. (\$95,600), vegetable oils \$4.9 m. (\$6.35 m.), textile fabrics & small wares \$1.26 m. (\$1.35 m.), textile materials, raw or simply prepared \$873,500 (\$745,000), miscel. crude or simply prepared products \$14.68 m. (\$10.08 m.).

OTHER COUNTRIES

Below are given details of some of the countries not included in the tables on the following pages:

Australia. Imports \$4.04 m. (June \$15.17 m.), exports \$4.37 m. (\$3.37 m.). Main imports: Manufactured products of cereals \$2.04 m. (\$8.6 m.), fruits \$500,000 (\$624,000), dairy products \$384,000 (\$1.73 m.). Main exports: Vegetable oils \$775,000 (\$480,600), textile fabrics & small wares \$883,700 (\$1.08 m.), manufactured articles \$721,000 (\$454,000), hides and skins \$337,000 (Nil).

Germany. Imports \$1.7 m. (\$1.68 m.); exports \$3.81 m. (\$3.28 m.). Main imports: Iron & steel \$454,000 (\$446,800), dyes \$388,900 (\$213,400). Main exports: Dairy products \$770,800 (\$286,500), vegetable oils \$416,000 (\$219,000).

Czechoslovakia. Imports \$665,275 (\$495,697); exports Nil. Main import: Paper \$306,000 (\$221,000).

Netherlands. Imports \$3.67 m. (\$3.72 m.); exports \$4.02 m. (\$3.53 m.). Main imports: Dairy products \$1.98 m. (\$1.64 m.), chemicals & pharmaceuticals \$765,900 (\$306,000), paper \$232,000 (\$601,600). Main export: Vegetable oils \$2.55 m. (\$2.1 m.).

Norway. Imports \$863,641 (\$787,282); exports \$480,639 (\$505,781). Main import: Paper \$810,500 (\$780,700). Main export: Miscel. crude or simply prepared products \$275,200 (\$166,000).

Sweden. Imports \$2.26 m. (\$2.27 m.); exports \$201,534 (\$1.27 m.). Main imports: Paper \$1.16 m. (\$1.6 m.); wood \$434,200 (\$290,600).

Switzerland. Imports \$5.74 m. (\$3.97 m.); exports \$758,001 (\$115,543). Main import: Manufactured articles \$5.46 m. (\$3.46 m.). Main export: Dyes \$633,500 (Nil).

HONGKONG'S PRINCIPAL TRADING PARTNERS

TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES FOR THE MONTH OF JULY, 1950.

UNITED KINGDOM

| ARTICLES | Imports \$ | Exports \$ |
|---|---------------|---------------|
| Meat and preparations thereof | 38 | — |
| Fishery products, for food | 29,246 | — |
| Manufactured products of cereals, chiefly for human food | 108,919 | — |
| Fruits and nuts, except oil-nuts ... | 15,628 | 3,500 |
| Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | 18,697 | 23,165 |
| Sugar and sugar confectionery | 76,314 | — |
| Coffee, tea, cocoa and preparations thereof; spices | 166,356 | 436,986 |
| Beverages and vinegars | 697,401 | 98 |
| Feeding stuffs for animals n.e.s. | 3,053 | 100,000 |
| Tobacco | 1,422,366 | — |
| Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s. | 12,163 | 5,141,451 |
| Chemical elements and compounds; pharmaceutical products | 2,316,754 | 95,234 |
| Dyeing, tanning and colouring sub- stances (not including crude materials) | 727,896 | 72,860 |
| Essential oils, perfumery, cosmetics, soaps and related products | 529,006 | 103,955 |
| Fertilizers | 253,950 | — |
| Rubber and manufactures thereof, n.e.s. | 554,648 | — |
| Wood, cork & manufactures thereof | 120,039 | 850 |
| Pulp, paper and cardboard and manu- factures thereof | 641,253 | — |
| Hides and skins and leather | 87,562 | 318,413 |
| Manufactures of leather, not includ- ing articles of clothing | 29,712 | — |
| Furs, not made up | — | 24,000 |
| Textile materials, raw or simply prepared | 785,571 | 223,333 |
| Yarns and thread | 1,845,991 | 66,161 |
| Textile fabrics and small wares | 3,637,578 | 491,069 |
| Special and technical textile articles | 298,988 | — |
| Clothing and underwear of textile materials; hats of all materials .. | 669,292 | 1,555,382 |
| Clothing of leather and fur | 5,554 | — |
| Footwear, boots, shoes and slippers | 74,183 | 54,751 |
| Made-up articles of textile materials other than clothing | 89,410 | 332,547 |
| Products for heating, lighting and power, lubricants and related pro- ducts | 103,692 | — |
| Non-metallic minerals, crude or sim- ply prepared, n.e.s. | 126,601 | — |
| Pottery and other clay products | 172,279 | — |
| Glass and glassware | 218,184 | 1,575 |
| Manufactures of non-metallic mine- rals, n.e.s. | 123,603 | — |
| Precious metals and precious stones, pearls and articles made of these materials | 33,603 | 49,294 |
| Iron and steel | 2,679,094 | — |
| Non-ferrous base metals | 4,085,497 | — |
| Manufactures of base metals n.e.s. ... | 1,475,764 | 267,954 |
| Machinery, apparatus and appliances other than electrical, n.e.s. | 2,221,329 | 688 |
| Electrical machinery, apparatus and appliances | 3,518,092 | 92,655 |
| Vehicles & transport equipment, n.e.s. | 2,464,818 | 24,500 |
| Miscellaneous crude or simply pre- pared products, n.e.s. | 19,947 | 744,846 |
| Manufactured articles, n.e.s. | 607,602 | 391,089 |
| Total Merchandise | 33,067,583 | 10,616,356 |
| Gold and specie | — | 3,864,099 |
| Grand Total | 33,067,583 | 14,480,455 |

INDIA

| ARTICLES | Imports \$ | Exports \$ |
|---|---------------|---------------|
| Fishery products, for food | 1,500 | 136 |
| Manufactured products of cereals, chiefly for human food | — | 1,580 |
| Fruits and nuts, except oil-nuts ... | 48,356 | 2,630 |
| Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | — | 2,370 |
| Sugar and sugar confectionery | — | 192 |
| Tobacco | 105,671 | — |
| Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s. | 9,878 | — |
| Chemical elements and compounds; pharmaceutical products | 1,050 | 21,168 |
| Dyeing, tanning and colouring sub- stances (not including crude materials) | 69,793 | — |
| Essential oils, perfumery, cosmetics, soaps and related products | — | 1,788 |
| Wood, cork & manufactures thereof | 7,575 | 950 |
| Pulp, paper and cardboard and manu- factures thereof | — | 23,101 |
| Hides and skins and leather | 4,978 | — |
| Textile materials, raw or simply prepared | 1,900 | 1,473,065 |
| Yarns and thread | 828,357 | — |
| Textile fabrics and small wares | 1,681,923 | 39,631 |
| Special and technical textile articles | 522,465 | — |
| Footwear, boots, shoes and slippers | 2,126 | — |
| Made-up articles of textile materials other than clothing | 2,020,729 | — |
| Products for heating, lighting and power, lubricants and related pro- ducts | 484,791 | — |
| Non-ferrous base metals | — | 422,623 |
| Manufactures of base metals n.e.s. ... | 6,299 | 127,690 |
| Miscellaneous crude or simply pre- pared products, n.e.s. | 16,122 | 5,017 |
| Manufactured articles, n.e.s. | — | 1,600 |
| Total | 5,813,513 | 2,123,561 |

MALAYA

| ARTICLES | Imports \$ | Exports \$ |
|---|---------------|---------------|
| Meat and preparations thereof | 387 | 91,471 |
| Dairy products, eggs and honey | — | 577,133 |
| Fishery products, for food | 68,550 | 2,030,478 |
| Cereals | 28,828 | 736 |
| Manufactured products of cereals, chiefly for human food | — | 426,107 |
| Fruits and nuts, except oil-nuts ... | 60,967 | 1,688,831 |
| Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | 206,948 | 4,002,537 |
| Sugar and sugar confectionery | — | 536,957 |
| Coffee, tea, cocoa and preparations thereof; spices | 126,864 | 866,820 |
| Beverages and vinegars | 56,298 | 306,722 |
| Feeding stuffs for animals n.e.s. | — | 342,088 |
| Tobacco | — | 1,416,235 |
| Oil-seeds, nuts and kernels | — | 199,182 |
| Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s. | 1,298,652 | 344,688 |
| Chemical elements and compounds; pharmaceutical products | 91,690 | 1,111,807 |
| Dyeing, tanning and colouring sub- stances (not including crude materials) | — | 571,567 |
| Essential oils, perfumery, cosmetics, soaps and related products | 551,975 | 461,111 |
| Fertilizers | — | 30,000 |

| | | |
|--|-------------------|-------------------|
| Rubber and manufactures thereof, n.e.s. | 10,400,545 | 89,539 |
| Wood, cork & manufactures thereof | 779,021 | 79,693 |
| Pulp, paper and cardboard and manufactures thereof | 11,420 | 3,129,153 |
| Hides and skins and leather | 75,918 | 36,838 |
| Manufactures of leather, not including articles of clothing | — | 410,302 |
| Textile materials, raw or simply prepared | — | 31,345 |
| Yarns and thread | — | 51,571 |
| Textile fabrics and small wares | 896,549 | 7,849,493 |
| Special and technical textile articles | — | 438,481 |
| Clothing and underwear of textile materials; hats of all materials .. | 5,707 | 4,956,826 |
| Footwear, boots, shoes and slippers | — | 67,403 |
| Made-up articles of textile materials other than clothing | — | 1,834,645 |
| Products for heating, lighting and power, lubricants and related products | 368,729 | 42,248 |
| Non-metallic minerals, crude or simply prepared, n.e.s. | 34,531 | 44,312 |
| Pottery and other clay products | — | 137,359 |
| Glass and glassware | 108,625 | 285,260 |
| Manufactures of non-metallic minerals, n.e.s. | 345 | 156,047 |
| Precious metals and precious stones, pearls and articles made of these materials | 77,761 | 85,659 |
| Ores, slag, cinder | 1,650 | 1,511 |
| Iron and steel | — | 103,606 |
| Non-ferrous base metals | 129,115 | 5,627 |
| Manufactures of base metals n.e.s. ... | 32,304 | 2,002,965 |
| Machinery, apparatus and appliances other than electrical, n.e.s. | 1,080 | 268,336 |
| Electrical machinery, apparatus and appliances | 5,970 | 606,071 |
| Vehicles & transport equipment, n.e.s. | 21,753 | 186,647 |
| Miscellaneous crude or simply prepared products, n.e.s. | 107,699 | 2,679,863 |
| Manufactured articles, n.e.s. | 128,274 | 6,455,710 |
| Total | 15,678,155 | 47,040,984 |

NORTH BORNEO

| ARTICLES | Imports \$ | Exports \$ |
|---|---------------|---------------|
| Dairy products, eggs and honey | — | 3,570 |
| Fishery products, for food | 29,058 | 15,969 |
| Cereals | — | 450 |
| Manufactured products of cereals, chiefly for human food | — | 8,892 |
| Fruits and nuts, except oil-nuts ... | 15,470 | 20,595 |
| Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | 23,344 | 33,232 |
| Sugar and sugar confectionery | — | 82,972 |
| Coffee, tea, cocoa and preparations thereof; spices | — | 7,640 |
| Beverages and vinegars | — | 104,428 |
| Feeding stuffs for animals n.e.s. | — | 100 |
| Tobacco | — | 329,000 |
| Oil-seeds, nuts and kernels | — | 570 |
| Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s. | 3,570 | 3,248 |
| Chemical elements and compounds; pharmaceutical products | — | 11,336 |
| Dyeing, tanning and colouring substances (not including crude materials) | — | 1,202 |
| Essential oils, perfumery, cosmetics, soaps and related products | — | 7,970 |
| Rubber and manufactures thereof, n.e.s. | 216,070 | — |
| Wood, cork & manufactures thereof | 689,772 | 3,742 |
| Pulp, paper and cardboard and manufactures thereof | — | 23,513 |
| Hides and skins and leather | 18,023 | — |

| | | |
|---|------------------|------------------|
| Manufactures of leather, not including articles of clothing | — | 49,310 |
| Textile materials, raw or simply prepared | — | 140 |
| Yarns and thread | — | 85 |
| Textile fabrics and small wares | — | 139,428 |
| Special and technical textile articles | — | 3,060 |
| Clothing and underwear of textile materials; hats of all materials .. | — | 80,029 |
| Footwear, boots, shoes and slippers | — | 7,105 |
| Made-up articles of textile materials other than clothing | — | 18,401 |
| Products for heating, lighting and power, lubricants and related products | 71,264 | 3,545 |
| Non-metallic minerals, crude or simply prepared, n.e.s. | — | 7,096 |
| Pottery and other clay products | 200 | 3,947 |
| Glass and glassware | — | 10,650 |
| Manufactures of non-metallic minerals, n.e.s. | — | 3,867 |
| Iron and steel | — | 1,878 |
| Non-ferrous base metals | 4,673 | — |
| Manufactures of base metals n.e.s. ... | — | 46,877 |
| Machinery, apparatus and appliances other than electrical, n.e.s. | — | 9,229 |
| Electrical machinery, apparatus and appliances | — | 3,298 |
| Vehicles & transport equipment, n.e.s. | — | 600 |
| Miscellaneous crude or simply prepared products, n.e.s. | 4,350 | 28,316 |
| Manufactured articles, n.e.s. | 3,066 | 30,453 |
| Total Merchandise | 1,078,860 | 1,105,743 |
| Gold and specie | — | 15,000 |
| Grand Total | 1,078,860 | 1,120,743 |

PAKISTAN

| ARTICLES | Imports \$ | Exports \$ |
|---|------------------|-------------------|
| Fishery products, for food | 43,100 | — |
| Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | — | 3,040 |
| Coffee, tea, cocoa and preparations thereof; spices | — | 125,360 |
| Chemical elements and compounds; pharmaceutical products | — | 45,822 |
| Dyeing, tanning and colouring substances (not including crude materials) | — | 206,335 |
| Pulp, paper and cardboard and manufactures thereof | — | 428,390 |
| Textile materials, raw or simply prepared | 1,923,345 | — |
| Yarns and thread | — | 21,937,989 |
| Textile fabrics and small wares | — | 4,216,599 |
| Special and technical textile articles | — | 79,397 |
| Clothing and underwear of textile materials; hats of all materials .. | — | 29,032 |
| Pottery and other clay products | — | 2,421 |
| Manufactures of base metals n.e.s. ... | — | 638,494 |
| Electrical machinery, apparatus and appliances | — | 28,761 |
| Miscellaneous crude or simply prepared products, n.e.s. | — | 438,473 |
| Manufactured articles, n.e.s. | — | 375,526 |
| Total | 1,966,445 | 28,555,644 |

BURMA

| ARTICLES | Imports \$ | Exports \$ |
|---|---------------|---------------|
| Fishery products, for food | — | 4,603 |
| Cereals | 1,621,903 | — |
| Manufactured products of cereals, chiefly for human food | — | 12,250 |
| Fruits and nuts, except oil-nuts ... | — | 70,880 |
| Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | 9,900 | 3,040 |

| | | | | | |
|--|-----------|---------|---|-----------|-----------|
| Beverages and vinegars | — | 4,524 | Products for heating, lighting and power, lubricants and related products | 50,590 | 1,905 |
| Feeding stuffs for animals n.e.s. | 63,929 | — | Pottery and other clay products | — | 200 |
| Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s. | — | 105 | Non-ferrous base metals | — | 646 |
| Chemical elements and compounds; pharmaceutical products | — | 105,874 | Machinery, apparatus and appliances other than electrical, n.e.s. | — | 208,263 |
| Dyeing, tanning and colouring substances (not including crude materials) | — | 28,160 | Vehicles & transport equipment, n.e.s. | — | 1,545 |
| Essential oils, perfumery, cosmetics, soaps and related products | — | 988 | Miscellaneous crude or simply prepared products, n.e.s. | 167,421 | 248,955 |
| Rubber and manufactures thereof, n.e.s. | — | 1,800 | Manufactured articles, n.e.s. | 3,550 | 16,350 |
| Pulp, paper and cardboard and manufactures thereof | — | 51,940 | Total | 6,678,833 | 1,557,621 |
| Textile fabrics and small wares | — | 8,400 | | | |
| Special and technical textile articles | — | 12,440 | | | |
| Clothing and underwear of textile materials; hats of all materials .. | — | 11,100 | | | |
| Made-up articles of textile materials other than clothing | — | 840 | | | |
| Products for heating, lighting and power, lubricants and related products | 21,000 | — | | | |
| Pottery and other clay products | — | 48,186 | | | |
| Glass and glassware | — | 3,650 | | | |
| Manufactures of base metals n.e.s. .. | — | 133,920 | | | |
| Machinery, apparatus and appliances other electrical n.e.s. | — | 3,375 | | | |
| Electrical machinery, apparatus and appliances | — | 21,188 | | | |
| Vehicles & transport equipment, n.e.s. | — | 32,461 | | | |
| Miscellaneous crude or simply prepared products, n.e.s. | 13,479 | — | | | |
| Manufactured articles, n.e.s. | — | 68,921 | | | |
| Total | 1,730,211 | 628,645 | | | |

INDOCHINA

| ARTICLES | Imports \$ | Exports \$ | ARTICLES | Imports \$ | Exports \$ |
|---|---------------|---------------|---|---------------|---------------|
| Dairy products, eggs and honey | — | 30 | Fishery products, for food | — | 250 |
| Fishery products, for food | 234,246 | 11,630 | Cereals | 110,016 | — |
| Cereals | 5,284,980 | — | Manufactured products of cereals, chiefly for human food | — | 687 |
| Manufactured products of cereals, chiefly for human food | — | 15,301 | Fruits and nuts, except oil-nuts ... | — | 5,889 |
| Fruits and nuts, except oil-nuts ... | 111,589 | 106,422 | Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | 82,376 | 11,783 |
| Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. | 599,283 | 447,805 | Sugar and sugar confectionery | — | 3,689 |
| Sugar and sugar confectionery | — | 375 | Feeding stuffs for animals n.e.s. | 38,258 | — |
| Coffee, tea, cocoa and preparations thereof; spices | 43,600 | 64,917 | Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s. | 54,768 | — |
| Beverages and vinegars | — | 1,500 | Chemical elements and compounds; pharmaceutical products | 30,339 | 123,361 |
| Tobacco | — | 332 | Dyeing, tanning and colouring substances (not including crude materials) | — | 30,646 |
| Oil-seeds, nuts and kernels | 15,800 | — | Essential oils, perfumery, cosmetics, soaps and related products | 232,286 | 5,130 |
| Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s. | 33,452 | — | Rubber and manufactures thereof, n.e.s. | 511,155 | — |
| Chemical elements and compounds; pharmaceutical products | 18,411 | 93,610 | Wood, cork & manufactures thereof | 186,908 | 2,305 |
| Essential oils, perfumery, cosmetics, soaps and related products | — | 26,000 | Pulp, paper and cardboard and manufactures thereof | — | 263,013 |
| Wood, cork & manufactures thereof | — | 400 | Hides and skins and leather | — | 18,000 |
| Pulp, paper and cardboard and manufactures thereof | — | 81,885 | Textile materials, raw or simply prepared | — | 3,500 |
| Hides and skins and leather | 46,718 | 26,520 | Yarns and thread | — | 3,921,583 |
| Textile materials, raw or simply prepared | 58,753 | 96,681 | Textile fabrics and small wares | — | 122,378 |
| Yarns and thread | — | 65,700 | Special and technical textile articles | — | 65,059 |
| Textile fabrics and small wares | — | 22,449 | Clothing and underwear of textile materials; hats of all materials .. | — | 494,601 |
| Special and technical textile articles | 10,440 | — | Made-up articles of textile materials other than clothing | — | 103,120 |
| Clothing and underwear of textile materials; hats of all materials .. | — | 50 | Products for heating, lighting and power, lubricants and related products | 3,324,030 | — |
| Made-up articles of textile materials other than clothing | — | 18,150 | Pottery and other clay products | — | 335,530 |
| | | | Glass and glassware | — | 12,405 |
| | | | Manufactures of non-metallic minerals, n.e.s. | — | 151 |
| | | | Non-ferrous base metals | — | 200 |
| | | | Manufactures of base metals n.e.s. .. | — | 259,214 |
| | | | Machinery, apparatus and appliances other than electrical, n.e.s. | — | 131,282 |
| | | | Electrical machinery, apparatus and appliances | — | 21,781 |
| | | | Vehicles & transport equipment, n.e.s. | — | 8,000 |
| | | | Miscellaneous crude or simply prepared products, n.e.s. | 252,848 | 43,034 |
| | | | Manufactured articles, n.e.s. | — | 339,962 |
| | | | Total | 4,822,984 | 6,326,553 |

(CONTINUATION OF THE TABLES OF HONGKONG'S TRADING PARTNERS IN JULY 1950 WILL BE CONCLUDED IN THE NEXT ISSUE OF THIS REVIEW (No 24, of December 14).)